Daily Report

Latin America

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Cuba

Top Cuban Official Questions U.S. Nonofficial Aid Stand

PA1302170096 Havana PRENSA LATINA in Spanish 1056 GMT 13 Feb 96

[FBIS Translated Text] Havana, 13 Feb (PL) — The U.S. Government disposition on allowing nonofficial cooperation with Cuba in the form of supplying humanitarian aid was denounced here as a hypocritical policy to disguise its hostility toward the island.

Carlos Fernandez de Cossio, head of the U.S. and Canada Department of the Cuban Foreign Ministry, told PRENSA LATINA in the past few hours that if such a disposition was genuine, U.S. authorities would not have beaten up the Pastors for Peace who are helping the Cuban people.

The Pastors recently organized a convoy of humanitarian assistance, Fernandez de Cossio explained, to bring a lot of second-hand computers to Cuba to be used for improving health services. U.S. Treasury Department officials seized these computers on their way to the Mexican border.

The real goal of that administration is to subvert society with hunger and suffering, he stated in reference to statements made this weekend to the press by President William Clinton's adviser for Cuban affairs, Richard Nuccio, who mentioned Washington's alleged aim to improve the standard of living of the island's population.

According to the Cuban diplomat, what Nuccio did in reality was to reiterate the desire of his administration to control the political system and lives of Cubans on the island.

"The basis of the U.S. strategy toward Cuba is to make life unbearable for Cubans. This is the objective of Washington's blockade on Havana, which has lasted more than 30 years," Fernandez de Cossio concluded.

Cuban Commentary Cautions Haiti on U.S. 'Duplicity'

PA1302161096 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Feb 96

[Station commentary read by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] Granted that because of its scope, the bloodbath that the Haitian people endured following the ouster of former President Jean—Bertrand Aristide could not be hidden from the world, the support the United State provided the most sinister groups of that country's extreme right had remained hidden. The recent release of documents now in possession of the New York-based Center for Constitutional Rights revealed that the U.S. Government pretended to disagree with the atrocities committed by the homicidal gangs, while at the same time it acknowledged and supported the crimes.

(Michael Rachner), a lawyer for the Center for Constitutional Rights was very explicit when he said: Obviously, the U.S. Government spoke with a forked tongue. In implementing its cynical policy, Washington talked of restoring democracy in Haiti, while at the same time sabotaged it by supporting groups that perpetrated the worst atrocities against Haitians. So, one of the declassified documents stated that there are dozens of cables from the U.S. Embassy in Port-au-Prince to the Departments of State and Defense, describing the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] as a bloodthirsty group with ties to the military.

In case the doings of this paramilitary organization are not known, we must note that the FRAPH was responsible for 4,000 murders committed following the coup that toppled constitutional President Jean-Bertrand Aristide in 1991. Even while in possession of this information that groups defending human rights of Haiti repeatedly provided the world, the U.S. Department of State and the Pentagon described the FRAPH as a legitimate party opposed to Aristide. Adding to what they knew, the CIA had a list of the salaries the group members earned, including its chieftain Emmanuel Constant.

It becomes clear, therefore, that the United States was at no time unaware of the sinister forces that moved behind the coup or the horrendous repression that was subsequently unleashed against any person or group that had supported the Lavalas movement or the former president. This is nothing new. In Honduras and Guatemala, in Chile and Argentina, or any other country of the world where progressive forces promoted their causes or simply opposed corrupt or repressive regimes, successive U.S. administrations laid the groundwork and helped eliminate opponents using the most terrible means.

That is known; it is part of a strategy aimed at countries that Washington always wanted to control. Now, returning to Haiti, and setting aside the return of President Aristide almost at the end of his mandate, new President Rene Preval has recently taken the oath office. Is the United States preparing a new offensive to rock the new government's boat? Suspicions notwithstanding, it is said that the wolf may lose his fur but not his cunning. If there is a conflict that President Preval will have a hard time combating, it will be precisely

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the violence fostered and abetted following the military coup against Aristide, a violence compounded by a leftover from the Duvalierist period that has not disappeared from the country.

The aforementioned lawyer (Rachner) believes that Haitian democracy under its new president is safe, but the future is uncertain. To be on the lookout for Washington's duplicity, is something the Rene Preval government must keep in mind.

GRANMA: U.S. Returns 280 Cubans for Illegal Departures

PA1402014296 Havana PRENSA LATINA in Spanish 1326 GMT 13 Feb 96

[FBIS Translated Text] Havana, 13 Feb (PL) — GRANMA revealed today that the number of Cubans returned to Cuba by U.S. officials has totaled 280 people who were detained after attempting to leave the country illegally.

A total of 220 of these citizens were intercepted on the high seas. The remaining 60 tried to use the illegal U.S. Naval Base at Guantanamo, eastern Cuba, for that purpose.

The returns began in May as part of and in compliance with the migration agreements between the two nations which stipulate that measure for possible illegal inmigrants and which "favor only legal and orderly emigration," GRANMA stated.

GRANMA explains that after the relevant medical examinations were completed, the Cuban returnees were sent home along with a warning that this action does not give them any priority in an eventual legal departure from Cuba.

In addition, GRANMA recalls that a memorandum was signed recently between the Governments of Cuba and the Bahamas that puts an end to the illegal immigration of Cubans toward that Caribbean area.

U.S. Congressman Boucher, Businessmen Arrive in Cuba

PA1302204096 Havana Radio Havana Cuba in Spanish 1300 GMT 13 Feb 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Richard Boucher, a U.S. Democratic representative for Virginia, and three tourism and real estate businessmen have met in Havana with Carlos Fernandez de Cosio, Foreign Ministry director for North America, and plan to meet with Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP].

Boucher, a member of the Commerce Committee of the U.S. House of Representatives, is known for his votes against the blockade on Cuba. Invited by the ANPP to visit Cuba, the lawmaker and businessmen will tour local companies and tourist centers and will meet members of the National Church Council before departing to their country on Saturday. Boucher's arrival follows last weekend's visit by fellow U.S. Democratic Congressman William Richardson.

Cuban Foreign Minister Views 'Strong Ties' With Spain

PA1302201496 Havana Radio Havana Cuba in Spanish 0000 GMT 13 Feb 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Foreign Relations Minister Roberto Robaina underscored that Cuba and Spain are joined by very strong ties that go beyond their respective governments or political changes. In an interview published today by Madrid's newspaper DIARIO 16, Robaina pointed out that a mutually respectful and beneficial relationship has been established with Spanish business leaders. This relationship, he emphasized, should be seriously examined by Spain's upcoming government in the event that the upcoming elections in March bring about any changes. Robaina underscored, nonetheless, that any change in Spain's foreign policy toward Cuba would be an expression of its sovereignty, and such a decision should be respected.

During this interview, Robaina said he was glad to be working with a figure like Fidel Castro. In addition, Robaina stated that Cuban leaders are more concerned over continuing the political project than over the future [word indistinct] of a president because the Cuban Government [words indistinct].

Panamanian Legislators Arrive in Cuba on Official Visit

PA1302204196 Havana PRENSA LATINA in Spanish 2136 GMT 12 Feb 96

[FBIS Translated Text] Havana, 12 Feb (PL) — An important Panamanian delegation headed by Oyden Ortega, president of the Foreign Relations Committee of the Panamanian Legislative Assembly, arrived today in this capital on an official visit, invited by the Cuban Parliament.

The agenda for the visitors, who will be here until Friday, will include meetings with top leaders of the Cuban National Assembly, as well as party and government officials. They will also tour centers of economic and political interest in Cuba.

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The other members of the Panamanian delegation are Enrique Riley, president of the Education, Culture, and Sports Committee; Ana Castillo, in charge of the Secretariat of Interparliamentarian Relations, and other representatives of the Panamanian Congress.

Panamanian legislators recently condemned Washington's attempt to tighten the economic and financial blockade it has maintained against Havana for more than 30 years.

Oyden Ortega, a legislator for the ruling party [Democratic Revolutionary Party] proposed the text of the document in which the Panamanian deputies condemned the U.S. initiative, noting that it is contrary to the fundamental principles of international law and UN resolutions.

On Thursday, 15 February, the Panamanian legislators will give a lecture on compliance with the Torrijos-Carter Treaties at the Law School of the University of Havana.

Cuba's First Sugar Mill To Meet Production Plan

PA1302201796 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 13 Feb 96

[Report by Ernesto Pantaleon Medina; from the "NTV" newscast]

[FBIS Translated Text] Here is a report on the tour by Commander in Chief Fidel Castro through the [word indistinct] Jesus Suarez Gayol Sugar Mill in Camaguey and the ceremony chaired by Castro at the Candido Gonzalez CAI [Industrial Automation Center], the first one to fulfill its sugar production plan. This sugar mill in southern Camaguey began operations in mid-November 1995, and in merely 58 days, reached its projections for the sugar harvest, after five years of not meeting its production goals.

[Medina] This afternoon, Commander in Chief Fidel Castro chaired the ceremony in which the Candido Gonzalez Sugar Mill, located in Santa Cruz del Sur, was designated as the country's leading mill in fulfilling its sugar production plan for the current sugar harvest.

[Begin Castro recording] The results have shown it was worthwhile to fight as we have fought; resist as we have resisted; and begin to move forward as we are beginning to move forward. First, we must recover what we produced, and later, we should do even more. This is the reason why this sugar harvest is so significant, because all of those who gave financing to Cuba for this sugar harvest will be willing to give us financing for the coming harvest when they see that we are producing and meeting our sugar production projections. To the extent we are capable of meeting our production goals, we will be able to secure financing for next year. Next year's harvest will require an even larger amount because all of these programs I have mentioned, including the equipment, are costly, and we will only be able to obtain financing if our benefactors have confidence in us.

In addition, as the fulfillment of the goals of this sugar mill has a great symbolic value today, it is indispensable that by the end of the sugar harvest, we can all have the enormous pride of having met our sugar production goals. [end recording]

[Medina] Prior to the ceremony, Castro, accompanied by Carlos Lage and Nelson Torres, among other leaders, toured areas of the Jesus Suarez Gayol Sugar Mill, where the workers voiced their confidence that Camaguey will fulfill its commitments for the current sugar harvest.

[Begin Castro recording] There are almost 150 sugar mills operating at this time. It is now when the sugar harvest is reaching its peak, when the days of highest yields for sugar production are around the corner. There is also a program to produce one percentage point above projected sugar yields. It is working. We are obtaining a higher yield of sugarcane, and a higher extraction of sugarcane at the mills. We are doing an outstanding job, and making a great effort. I do not want to tire you any longer. My biggest concern was to listen to your ideas on the significance of the task you have undertaken, your awareness of what is being accomplished nationwide, and awareness of the need for all of Cubans to do what you have accomplished.

Everyone should follow your lead in meeting production goals at the mills and preparing the land for the coming harvest. Nothing would be accomplished if we won this year's battle, but were unable to make any progress next year. We must continue growing up to the reasonable limit we set for ourselves regarding sugar production to produce large amounts of sugar at a low cost. The more sugar we produce, [words indistinct] labor groups at the sugar mills and in the rural areas, the more profit we will be reaping from every machine, every part, every dollar spent in fuel, every dollar spent in metal, every dollar spent in tires, spare parts, and raw materials. Thus, not only will the sugar industry contribute to help Cuba overcome the special period, but it will also promote the country's economic efficiency in general. In addition, it will help us gain the confidence we badly need to mobilize resources and lift ourselves out of the extremely difficult situation we have been facing. [applause] [end recording]

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Radio Program: Cubans Waiting For Economic Benefits

PA1302201696 Havana Radio Rebelde Network in Spanish 1700 GMT 12 Feb 96

["Straight Talk" program with JUVENTUD REBELDE reporter Jose Alejandro Rodriguez and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Osvaldo Rodriguez] Good afternoon, listeners, this is "Straight Talk." Where is the economic growth? This is the question that journalist Jose Alejandro Rodriguez asks himself today. He is with the JUVENTUD REBELDE newspaper. Well, Pepe, I will leave you to ask the question and then you can answer yourself. Furthermore, many people are asking themselves this very same question: Where is the economic growth if I cannot see it at home?

[Jose Rodriguez] Of course, Osvaldo, this is a rather generalized concern. We have ended the year and it was divulged that our economy, our GDP, had grown 2.5 percent and that the projected growth for 1996 is 5 percent.

[Osvaldo Rodriguez] And the previous year, 1994, 0.7 percent.

[Jose Rodriguez] Well this can lead us to a fallacy; people who seek that their daily lives be part of that economic growth. The problem is far more complex than what the figures show and it has even been recognized by institutions as technical as CEPAL [Economic Commission for Latin America], which has no political affiliation or relationship with the Cuban political system. It is instead a technical institution that has to do with economic matters. But what happens? The 2.5 percent economic growth must be seen, first of all, as taking place in an economy that is completely unbalanced. It is not the normal growth of an economy that is already balanced and stable. Second, it is true that the growth takes place on a very depressed economy. In others words, it is as if a 30 percent growth took place in a certain sector of the industry, but that sector had collapsed two years ago. Fine, it grew, but it has still not reached the level of seven or eight years ago.

[Osvaldo Rodriguez] Of course, it is as if today any worker were to receive a 10-peso salary increase. He does not even notice.

[Jose Rodriguez] Exactly. The trend can be seen; the trend of that traumatic and brusque drop has reversed. But it still cannot be translated into everyday terms because, among other reasons, this growth has basically taken place in the branches of industry and production related with intermediate goods. In other words, the economy is a successive series of chain reactions. Consumer goods or articles are the result of a chain of mercantile circulation and production of goods. You buy soap in the end, but you have to produce the soda and have to produce other things. Basically, the growths that have taken place have been in intermediate goods, not consumer goods. Of course, there is still much imbalance between supply and demand in the Cuban economy. In other words, it is true that production of nickel, cement and others increased, but they did so on a very depressed basis, and in addition, these are not products that have an immediate effect on consumer prices.

[Osvaldo Rodriguez] How long can we wait before we can see the effect of this growth in the Cuban economy?

[Jose Rodriguez] Well, Osvaldo, to do so one practically needs a crystal ball. As a journalist I cannot say. One needs to speak to economists. I believe that it is basic... [pauses] there is another problem: All this growth take place amid a very strong foreign currency shortage. In other words, the country's foreign finances are very tight. Sources of foreign financing are very short term; credits have high interests. When the time comes to talk about the growth of the Cuban economy, one cannot disregard factors that will continue to cause tension among consumers.

[Osvaldo Rodriguez] Undoubtedly, one must also take into account that there are already some effects on the lives of Cubans, like the power blackout period that has been reduced.

[Jose Rodriguez] Indeed.

[Osvaldo Rodriguez] I believe this is due to economic growth?

[Jose Rodriguez] Yes, of course.

[Osvaldo Rodriguez] Practically imperceptibly, food production has also increased.

[Jose Rodriguez] Yes, food production has increased but in fact, the headache is rationing to guarantee sufficient food for 11 million Cubans.

[Osvaldo Rodriguez] Where is the economic growth? That is the answer we are looking for here in "Straight Talk," Jose Alejandro Rodriguez, of the JUVENTUD REBELDE newspaper and me, Osvaldo Rodriguez. Pepe, I feel that in the case of economic growth, we must of course take into account our partners, who also take their part of this growth. The Cuban economy is no longer entirely Cuban.

[Jose Rodriguez] Exactly.

[Osvaldo Rodriguez] And this is the case of nickel, for example; this is also the case with tourism.

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[Jose Rodriguez] Exactly. But Osvaldo, I wanted to go back to the question of food. You said that growth has taken place, but very specific and limited growth. I cannot say that the overall...

[Osvaldo Rodriguez, interrupting] No, I said nearly imperceptible.

[Jose Rodriguez] Imperceptible, because the market sector, supply and demand, which includes the agricultural market, has brought about incentives to certain productions but these volumes do not really correspond with the needs and this can even be seen in the prices.

[Osvaldo Rodriguez] No, I was not referring to the agricultural market, which is an illusion, a place accessible to some people but not to others.

[Jose Rodriguez] Of course, of course. But the challenge is there, in other words, the country's agricultural growth will only be noticed on the Cuban dining table when the state is able to make it happen. Of course we are aware of all the situations confronting the UBPC's [Basic Cooperative Production Units], which inherited a business that was bankrupt. But obviously the country's food will not be guaranteed solely by the agricultural market because there we have the market laws: It is supply and demand and there you have the prices, where some have dropped and some have been maintained. But the essential problem is that the people have to feel the effect of production hikes by other means.

[Osvaldo Rodriguez] Of course, through the state. One must also take into account that the state production system, the state and cooperative production system has the most of the land in Cuba. We have the UBPC, remaining state farms, the EJT [Youth Labor Army], and the areas of self-consumption belonging to the organizations, which comprise most of this country's land. Here is where we need to seek most of the food for Cubans, in the remaining large agricultural plans. This is where we need to find the food for Cubans. Rice for example, is never going to be in private hands. Only large rice enterprises can produce sufficient rice for us.

[Jose Rodriguez] Exactly, Osvaldo. There are other items such as medicines. For example, the economic growth will have as an aftereffect a more comfortable situation. For example, medicines, although there has been a very slight improvement, their availability is still very limited. I can mention other budgeted items that have a direct relation to economic growth. As the new values of the created Cuban economy grow, education and public health will be able to reach levels or have room to grow, and a series of material needs will be satisfied as well.

[Osvaldo Rodriguez] You spoke about public health. I recently heard the news that heart transplants will soon restart. As you know, this is something that had been suspended during the special period because it is simply too costly. I believe the cost of the operation is about $300,000 and then to keep each patient alive afterward costs about $1,500 a month. In other words, it is truly very expensive. Heart transplants are going to restart and this is also a sign of economic growth, of an economic awakening.

[Jose Rodriguez] There is also something else: A revival of the economic market in which individuals convert their salaries into consumption goods. This is an indication, albeit a weak one, that there is an economic revival.

[Osvaldo Rodriguez] In "Straight Talk" we have already said where the economic growth is, therefore there is no reason to restate the question. In other words, it is the turn of Jose Alejandro Rodriguez, of JUVENTUD REBELDE newspaper, to speak.

[Jose Rodriguez] Yes, Osvaldo. I was telling you about production revival, and every time we read that factory so and so has again begun to produce, it is an indication of hope. Factories that were closed have reopened. These were factories that were inactive for several years, with its personnel relocated, or that were running at minimum capacity, which cause a very high rise in production costs because when one produces one-tenth of what you produced with the same installation and labor force, you are increasing costs. But there is a problem that cannot be kept separate from economic growth, precisely because we are headed toward an economic growth: Efficiency now becomes an imponderable factor that will be decisive to economic growth. We have never been so short of resources and never as today have we needed to ensure that the growth that takes place not become diluted in drained resources — bloodletting that is so detrimental toward productive results. We can raise production, but if we do not rigorously apply economic controls, accounting, if there is no resolve... [pauses] there are economic mechanisms that are somewhat compelling, but there are also mechanisms of will. It is when people want something to move ahead, such as an idea, or when they confirm that something is fundamental.

[Osvaldo Rodriguez] Pepe, you yourself said that CEPAL has recognized that we have already begun our economic recovery. But our economy is in pain and is very fragile, and it is still sick. I ask you, do you believe there could be setbacks?

[Jose Rodriguez] No, what I believe to be the most complex problem is that economic rules have changed

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and that the new solutions or steps we are taking have aftereffects with new results. In other words, new problems to the economy present themselves to society. These are new problems that did not even exist five years ago. Let us say, if I take certain measures...

[Osvaldo Rodriguez, interrupting] Or over the past 30 years, either.

[Jose Rodriguez] Exactly. There are qualitative changes to the economy, but these changes for the better bring bad things as well. It is a challenge to the maturity of Cuban society to make reforms but to also follow closely the effects of the reforms.

[Osvaldo Rodriguez] I asked you this because a while back you spoke to me about foreign currency. Even though we have a domestic financial situation that we are still trying to solve, that we Cubans are trying to overcome, Cubans are also suffering from a strong foreign financial imbalance. Economic growth over the past two years is conditioned to new financial commitments abroad, this makes the country's financial situation tense, that the government has to take financial measures that perhaps could cause some highs and lows in this economic growth, even though it seems that there is nothing expected in the short term.

[Jose Rodriguez] Exactly. But Osvaldo, there is something that we, each branch, each sector, need to truly apply the tools and economic mechanisms and analysis. I ask you how much reserve is there in the country still? I ask you whether the foreign supplies tourists use are really what is strictly needed? Do we not have the potential to supply tourists much more with national resources? There is a gap there.

[Osvaldo Rodriguez] And there is a question sign there. Many thanks for you reiterating where the economic growth is. I believe that there is optimism among the Cuban population and we will continue to forge ahead. Thank you again.

Cuban Official on Growth of Building Materials Industry

PA1302201896 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Feb 96

[Report by Jorge Perez; from the "National Radio News" newscast]

[FBIS Translated Text] The growth of the construction materials industry is essential for the nation's economic recovery. Regarding this observation, Carlos Lage Davila, executive secretary of the Council of State, pointed out during a recently concluded evaluation of the construction materials industry.

[Begin Lage recording] It is going to [words indistinct] because it is an important part of the country's development. This essential part of the country's development is going to begin with the growth of tourism. If the increase in tourism continues as it has in recent years, if this trend continues as we expect it to continue, it is going to demand important investments. Therefore, there is going to be a demand for construction materials. In fact, there will be a speedier increase in this demand that will contribute to the country's recovery and economic development. Therefore, the industry must be prepared and keep these things in mind so that it will always be able to respond to the growth in the demand of construction materials that is going to ensue. [end recording]

Fifty-five percent of the production of cement in 1996 will be destined for national consumption.

Cuba's Nickel Production Outlook Outlined

PA1302151496 Havana PRENSA LATINA in Spanish 0531 GMT 12 Feb 96

["Exclusive" article by Ramon Martinez: "Prospects of Prosperous Nickel Production"]

[FBIS Translated Text] Havana — It is no longer a secret that the Cuban economy is recovering after the inaction caused by the disappearance of the socialist bloc and the U.S. embargo. Many important U.S. businessmen are now interested in investing in Cuba but are not able to, because of a U.S. Government prohibition.

According to international experts, the areas in which investors are most interested are petroleum, telecommunications, and mining. During the first year those investments could reach $1 billion, and $10 billion in five years.

Meanwhile, businessmen from other highly developed nations are increasingly investing in Cuba, particularly in one mineral: Nickel, which Mother Nature has given to Cuba plentifully.

Cuba has the world's largest nickel deposits, which represent approximately 37.3 percent of the planet's total reserves. Those resources are equivalent to 800 million metric tons of lateritic contents, and 19 million metric tons of nickel, which could supply the existing nickel plants in the country for more than two centuries.

According to experts, the largest deposits can be found in the crust of ultrabasic rocks which contain iron, nickel, cobalt, and other metals resulting from the decomposition of serpentine rocks, a process that takes millions of years.

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Cuba's northeastern region has the largest deposits of this mineral, which are part of a belt measuring approximately 150 km encompassing four areas: Nicaro, Pinares de Mayari, Moa, Punta Gorda, and Baracoa.

The best deposits are located in the Levisa-Mayari sector, while the ones having more mineral resources are in Moa. More important, however, are the streaks located in the Bay of Tazo (east of Moa), in the Cajalbana Plateau (in the western province of Pinar del Rio) and the one in San Felipe (Camaguey).

What makes Cuban minerals more valuable is that they are located close to the surface and can be exploited in open-air mines, which is less costly than extracting minerals from deep underground mines.

The Most Wanted Product

Nickel is possibly the main economic reason behind the U.S. Government's reluctance to allow U.S. citizens to invest in Cuba.

In 1943, during World War II, a U.S. company completed the construction of the first nickel processing plant in the island in Nicaro, east of Bay of Nipe. It was a modern industrial center to exploit the deposits in Pinares de Mayari, which had facilities to produce sinter and nickel oxide, a small port in Levisa, and a small airport.

A year later that company, the Nicaro Nickel Company, managed to export from that plant 2,918 metric tons of metal for the U.S. military industrial complex. In 1945 the production increased to 12,758 metric tons, which represented 14.5 percent of U.S. total imports of that mineral that year.

The demand for this product declined with the end of the war, and production at the Nicaro Plant dropped. In 1947, however, the U.S. Government acquired all the company shares and started viewing nickel as part of its strategic reserves.

When the United States intervened in the Korean Peninsula in 1950, it invested $36 million to restore the Nicaro Plant so they could produce 22,600 metric tons of mineral a year, which were immediately shipped to the factories of the industrial military complex.

In 1955, the Freeport Sulphur Corporation began the construction of the second Cuban nickel plant.

A company advertisement to attract investments reflected the importance that the White House gave that metal during those days for its military policy "because it was one of the few metals capable of resisting extreme temperatures, pressure, and oxidation, which increase considerably in strategic uses, such as the fabrication of jet-propelled planes, guided missiles, the use of atomic energy, and electricity."

It also had praise for the possibilities of giving the same use to cobalt, of which there are great reserves in Cuba in laterite as well as in serpentine. This material is not that common and has a broad use in manufacturing space ships, rockets, and other military materiel.

When the new plant was built, the U.S. administration contracted Moa Bay Mining Corporation, a subsidiary off the Freeport Company, for 123,000 metric tons of nickel and 10,811 metric tons of cobalt.

Until 1958, the U.S. companies extracted from there approximately 161,000 metric tons of nickel in addition to cobalt.

With the triumph of the revolution in 1959, U.S. technicians and experts left those companies, carrying with them the documents on the technology of those industries so that operations could not continue.

Cuba's Nickel Industry

In Moa, the revolutionary government undertook major repairs by giving maintenance to the leaching trains and the hydrosulphuric acid and hydrogen auxiliary plants before obtaining the first yields.

A decade later, it began a general development plan in this sector and repaired the plant. A third acid line [linea de acido] was built and the two original ones were repaired. In addition, a boiler room, a thickening tank [tanque espesador] of 110 meters in diameter, and other areas of the project were built.

At the same time, the Nicaro plant was repaired and construction on a third Cuban plant, the Commander Che Guevara Plant in Punta Gorda, was started. It has a production capacity of 30,000 metric tons of the metal a year.

This plant entailed a $600-million investment and has three process lines [lineas de proceso] in an area a little over one square kilometer. Production or service buildings, such as the mineral preparation, metallurgical processing, administrative, and support workshop buildings, are located there.

In 1984, the construction of a fourth nickel plant was started in Las Camariocas, 10 km from Moa. Once completed, it will give the country an annual overall production capacity of over 100,000 metric tons of nickel.

Owing to the country's economic limitations, caused by the collapse of the socialist camp, with which it conducted almost all of its foreign commerce, it has

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not been possible to complete the construction of this plant.

Its overall completion level is over 70 percent, the first line is more than 80 percent completed, and the original design was corrected. Work is now being conducted with the cooperation of western companies to make substantial improvements in order to guarantee the plant is put into operation in the near future under better conditions than forecast.

Currently, the island's nickel industry has a solid productive and scientific infrastructure, made up of three processing plants: The Commander Rene Ramos Latour Plant (in Nicarao), the Commander Pedro Soto Alba Plant (in Moa), and the Commander Che Guevara Plant (in Punta Gorda).

In addition, Cuba has a mechanical plant that guarantees 80 percent of the needs for spare parts and industrial maintenance of the plants, a construction company that handles the expansion and constructive maintenance work, and an oil pipelines system to ensure fuel is received at the bay and sent directly to the industries.

In the scientific sphere, the region has a higher mining metallurgical institute, a center for mining and metallurgical research, a projects institute, and a third laterites research center in north Oriente that receives funding from the United Nations Development Program.

The bulk of the current nickel production on the island is done in Group Two, noted by a very ample content of the metal (up to 99.8 percent), a very high quality, which is something very important in the manufacturing of stainless steels. This explains why Cuba today supplies 60 percent of the world market of this mineral.

Cuba produces and exports nickel oxide (sinter with 90 percent nickel), granular oxide (76 percent nickel), nodular oxide (65 percent nickel) and fine oxide [oxido fino] (76 percent nickel). It also produces enriched sulfide (with 17 percent nickel and 6 percent cobalt), and sulfide concentrate (with 65 percent nickel and 4 percent cobalt).

Conditions for production are excellent. In the Commander Pedro Soto Alba Plant, for instance, obtaining one pound of nickel costs approximately one dollar. From 1991 to 1993, the average price of the metal in the international market was $3.29 dollars a pound, which shows the economic efficiency of these plants.

The average nickel production in Cuba amounts to 32,000 tons a year, even though the most outstanding figure in the revolutionary period was that registered in 1989: 46,591 tons.

As a result of the political crisis in the socialist countries of Eastern Europe and the ensuing collapse of the Soviet Union (Cuba placed 75 percent of its exports in those markets and received 87 percent of the materials required for production from them), the production of nickel shrank 12.7 percent in 1990.

In 1991, the decline reached 18.3 percent; in 1992, 30.4 percent; and in 1993, the decline began to stop when production only decreased by 7 percent.

This was accompanied by a decline in the international prices of nickel in the first years of this decade (from $11,000 per metric toe in 1989 to $4,500 per metric ton in 1993), as well as the tightening of the U.S. economic blockade, which interferes systematically in Cuba's negotiations with other Western countries and bans the access to the U.S. market of products containing Cuban nickel.

Adapting to the New Situation

The restrictions and the productive smothering compelled the Cuban Government to undertake an international program to reenter the international market and make changes in the nickel industry to guarantee the maximum streamlining and the effective utilization of the resources.

Consequently, the possibilities of the processing plants to market the nickel directly and automatically purchase the indispensable supplies and raw materials for nickel production were broadened.

As of 1991, the nickel industry began to operate partly with foreign exchange, and as of the following year, that strategy was broadened (the nickel industry guarantees the country annual revenues of no less than $125 million, a figure that places it in a third position after sugar and tourism).

This strategy also made possible the direct contact of Cuban nickel companies with leading nickel companies worldwide with a view to reach international marketing agreements and investment agreements to expand the plants and promote prospecting activities.

The negotiations currently include more than 10 foreign companies, and the Caribbean Nickel Inc. was created in Cuba to give total attention to these prospects.

The General Nickel Company Inc., which assumed the shares of the plants based in Moa, as well as those of an import company, was also created to complete the international nickel infrastructure and guarantee attention to the requirements of the Cuban nickel industry.

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Thus, modifications were made on the export market, which, in 1990, had already placed 70 percent of the nickel produced here in Western countries, while the remaining 30 percent was destined for in Russia. In 1994, nickel was sold to 26 nations, but 80 percent of those concentrated in Canada and other Western countries, while China bought approximately 20 percent.

The program of associations with foreign companies to boost production and marketing played a weighty role in this shake-up in the Cuban nickel industry.

Since 1991, there is an agreement to this effect with Canada's Sherrit Gordon regarding the base of risk capital.

Recently, Sherrit and the General Nickel Company, Inc. formed a jointly-owned enterprise to give total attention to the production, refinery, and marketing of Cuban nickel and cobalt on an international scale.

Thus, three companies were born to conduct these operations: Moa Nickel Inc. (processing of the metal in the Pedro Soto Alba Plant), The Cobalt Refinery Co. Inc. (with its facilities to refine the mineral in Fort Saskatchewan, in the Canadian province of Alberta), and the International Cobalt Company Inc. (tasked with marketing the metal).

The agreement includes the purchase by Sherrit of approximately 50 percent of the material mined in Moa to refine it Saskatchewan. That complementary relation also offers Cuba the possibility to industrially separate the nickel and the cobalt and increase revenues earned in this area.

In that same direction, the Caribbean Nickel, Inc., and Western Mining Corporation (an Australian firm which together with Sherrit E International Nickel Co., from Canada — both of which have been in Cuba since 1991 — are two of the world's main nickel processing companies) are currently involved in negotiating an investment in the sector that could amount to $500 million.

According to preliminary agreements signed with the Australian company, operations will include nickel prospecting, exploration, processing, and refining in the region of Pinares de Mayari, that up until now has not been included in Cuba's nickel development plans. Other foreign firms have expressed their interest to engage in similar agreements in the region of San Felipe which has never been prospected.

A recent report by London's FINANCIAL TIMES, South African corporations Gencor and Anglo American Corporations are currently in Havana involved in negotiations related to large-scale mining projects.

Cuba was prompted to implement significant payroll reduction in this sector (workers payroll decreased from, 20,000 to 13,000, and amount that includes a large number of engineers and highly qualified technicians), increase wages, establish new disciplinary guidelines, as well as modernize its workers' motivation mechanisms.

In an interview with PRENSA LATINA, Vice Minister of Basic Industries Antonio De Los Reyes, described the negotiation with Sherrit and Western Mining as mutually advantageous.

De Los Reyes claims that the weight of nickel in the Cuban economy continues to be quite promising, mainly because of the sustained increase the price of this metal has been experiencing in the international market.

The Cuban Government plans to undertake major investments in the sector during the next 10 years, as part of an ambitious program that includes technological renovation and plant improvement.

The high-ranking official announced that the increase in revenues allows carrying out this adaptation and modernization program in the nickel industry.

In this respect, he pointed out, something has already been done. He recalled that the first lines of eight ovens of the Commander Che Guevara plant have already been renovated, and work is on the way to renovate the second line, while the third should be ready sometime this year to complete the 24 ovens of the combine.

Other investments are also being carried out, but the ovens constitute the main part of the factory since it is here where the mineral is recovered, Reyes explained.

The objective is to benefit the industry by cutting energy consumption (daily normal consumption of conventional fuel by the Cuban nickel industry has been estimated at 70,000 metric tons) and increase the recovery of nickel in addition to cobalt.

As a provision to encourage and expedite foreign investments in Cuba's mining sector, the country's authorities have already adopted significant steps.

On 23 January 1995 a new mining legislation was enacted (Law 76) which, according to the legislators, harmonizes current economic realities, incorporates new institutions, eliminates those already inapplicable, and gathers the most recent contributions of legal doctrines on the issue.

On September 1995 a new investment law was also approved that together with the law mentioned previously will help in the fulfillment of the objectives already stated.

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Cuban Commentary Urges Avoidance of 'Easy Money' Schemes

PA1302165996 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Feb 96

[Commentary by Fernando Sanchez; from the "National Radio News" newscast]

[FBIS Translated Text] Without any doubt, easy money is very tempting. Worthless prestidigitators, who abound in parks, stations, and recreational parks — places where large numbers of people congregate — take advantage of this fact to fleece the unwary. It may occur with coiled ropes, cards, or bottle caps. However, they all commonly share the fact that these players are never alone. Although they may appear to be alone, they depend on a large team of supporters which serve two different functions: To protect the player, i.e. swindler, from the police and other authorities; and to encourage the victims to bet their money, for which they use such stratagems as mingling with the spectators and "winning", on certain occasions, to give the impression that the bank does not always win, but that it also loses with relative ease.

Confused by these and other very common stratagems, I have seen many people go for wool and come out shorn, despoiled of their money, wrist watch, and often the shirt off their back.

Of course, the police pursue these illicit games which are seasoned with a dose of deceit. When its authors are captured they receive severe sanctions which can extend to years of imprisonment.

However, that is not enough, always like a culture broth, it excites those who love easy money. Therefore, if anyone who is listening to me runs across very tempting ropes, cards, and caps as a possible source for easy money, I recommend that you should not let that provoke you. You may wind up on the short end of that proverb which says: The nimble-minded lives off the fool, and the fool lives off his work.

Haiti

Haitian President Asks For Extension of Minuha Presence

PA1302234896 Madrid EFE in Spanish 2058 GMT 13 Feb 96

[FBIS Translated Text] Port-au-Prince, 13 Feb (EFE) — Haitian President Rene Preval today officially asked for an extension in Haiti of the presence of the UN Mission for Haiti [Minuha].

The Haitian authorities delivered a letter to the UN secretary general's representative in Haiti, Lakhdar Brahimi, who is also the Minuha chief.

An official source has told EFE that the letter in which Preval asks for the extension has a 9 February dateline and was delivered to Brahimi the following day.

The source has told EFE that the letter left Haiti for New York on 11 February.

On 31 March 1995, the Minuha members replaced the U.S. forces that intervened in Haiti on 19 September 1994 in order to force the departure of the military chiefs that overthrew constitutional President Jean-Bertrand Aristide who returned to power on 15 October 1994.

The Minuha term expires in February. The United States, which had 3,000 members in Minuha, has decided to send its force home at the end of March, one month after the conclusion of its mission.

It appeared last week the UN Security Council is willing to extend Minuha's permanence in Haiti.

When Preval was elected president, he requested a six-month extension of the Minuha forces in Haiti, but the United Nations has demanded that the new Haitian authorities make an official request to the UN Security Council.

Haitian Deputy on Restoration of PRC Diplomatic Ties

PA1302144696 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] After Cuba, maneuvers are being made for the resumption of diplomatic relations with China. The president of the Interior Committee of the Chamber of Deputies, Alix Fils-Aime, has announced his intention to present to the assemblies of deputies on Tuesday, 13 February a resolution on the restoration of diplomatic relations with China. The Petion-Ville deputy thinks Haiti can benefit a lot by the help of China on agriculture and especially in technology given that Haiti and China have much in common. Regarding the diplomatic consequences to Haiti, Deputy Fils-Aime has asserted that Haiti is a free and independent country and is therefore free to choose the friends it pleases.

[Begin recording] [Fils-Aime] On Tuesday I will bring in a resolution on the establishment of diplomatic relations with Socialist China. I think these relations will be profitable for the entire country, to the people... [pauses] There are many things we can find and benefit

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from by these relations, especially in agriculture and average technology that will help our decentralization to progress. You know it has also been an agricultural and peasant economy for many years even though it has made many efforts on the technological front. I think China is certainly a country that can help us a lot with our development because we have some economic similarities.

[Unidentified reporter] In your opinion, what negative repercussions can this mean to Haiti, considering that the Americans are Haiti's good partners and play an important role in Haiti's economy today?

[Fils-Aime] I think the negative repercussions that can occur concern other countries that would like to deny us our sovereign right to establish relations with other countries. If they can do better than what those relations can bring to us, we would like to see it because many promises have already been made to Haiti, promises of external aid to Haiti aid have been made for a long time. I think the Haitian people carried out their duty in establishing democracy like they just did through the peaceful change of presidency. This was done thanks to people's courage and blood. But we have seen that the international aid does not really reach the level where it could put the people in a situation in which they could take their development momentum. [end recording]

These were statements by Deputy Alix Fils-Aime, president of the Interior Committee of the Chamber of Deputies, who will propose tomorrow that the Haitian parliamentarians adopt a resolution aimed at restoring diplomatic relations between China and Haiti.

Deputy Fils-Aime is one of the deputies who proposed that Haiti restore diplomatic relations with Cuba. The diplomatic relations were restored between the two countries before the departure of former President Jean-Bertrand Aristide.

Haitian Talks Continue on Selection of Prime Minister

PA1302233496 Port-au-Prince Signal FM Radio in French 1130 GMT 13 Feb 96

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] The nomination of a new prime minister continues to keep people waiting. The leader of the Papaye Peasants Movement, Chavannes Jean-Baptiste, is the favorite candidate for the post of prime minister, according to a source close to the government whom Signal FM contacted on 12 February.

Talks continued at the National Palace yesterday and will resume today. The most cited names up to now are Lavalas Political Platform Coordinator Gerard Pierre-Charles and Haiti's representative to the Inter-American Development Bank, Eric Pierre, whom several parliamentarians support, our source, who is close to the talks, has said. We have learned, however, that the choice of former Public Works Minister Frantz Verella was rejected this week.

Chavannes Jean-Baptiste, head of the transitional team of President Rene Preval, has strong chances of becoming prime minister, because he enjoys the support of the head of state.

According to Gerard Pierre-Charles, the nomination of the future head of government must be done in accordance with precise criteria. Pierre-Charles has said the future Haitian prime minister must have the capacity to tackle the current issues and must be able to inspire confidence. His choice must be made in accordance with the democratic principles, he added. [passage omitted]

Lavalas Senator Wesner Emmanuel has said that he favors a competent individual who meets constitutional standards and that it does not matter whether he or she belongs to the lavalas bloc. [passage omitted]

The lavalas senator favors a government of opening and says a small group will not be able to solve this country's problems. [passage omitted]

Haitian Bill on Former Presidents at 'Deadlock'

PA1302144796 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The vote for the bill in favor of the former constitutionally elected presidents is at deadlock at the Senate of the Republic. The promoter of this bill, Senator Yrvelt Chery, thinks it is normal that the security of the former presidents-elect be ensured in a special manner and adds that it will be difficult to extend (?these privileges) to the three powers giving that in 25 years there will be many former senators, deputies, and judges who would allegedly depend on the nation's budget. As to the protests caused by the proposal that they continue to pay 80 percent of the salary of a former president or head of state, Sen. Chery says this is an underdevelopment problem. [passage omitted]

Former Haitian Policemen Demand 6 Dec Order, Badges

PA1302144496 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Feb 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The anti-gang crisis is about to be solved. The Haitian prime minister, Claudette Wer-

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leigh, met with the former interim policemen based at the Anti-Gang Service in order to listen to their demands and then propose solutions to them. The meeting took place in the presence of the justice minister, attorney Rene Magloire and National Police interim Director Fourel Celestin. The anti-gang policemen began — you remember — as early as last week an important protest movement during which they were asking that they be given the treatment they deserve as policemen. During a meeting with the prime minister, they asked for the implementation the 6 December 1995 order that made the interim policemen members of the National Police.

[Begin recording] [Unidentified policeman] After various dialogues and discussions we had with [words indistinct] told us that it is the 6 December order taken by former President Jean-Bertrand Aristide integrating us into the National Police. As the first article stipulated that the superior council of the National Police is working for our integration, we ask that another assignment post be found for us, that a means — no matter what it is — in accordance with the 6 December order issued by the president and making us part of the Interim Police Force of the National Police Force [words indistinct]

[Unidentified reporter] According to you, what is the attitude of the officials? Do you feel that they agree to give you what you have asked?

[Policeman] Well, for the time being, the attitude we can reproach the superior council for is that they prefer to take a political measure instead of implementing the order.

[Reporter] What do you mean when you say political measure?

[Policeman] It is a political measure because if they were working for us... [pauses] I think this is pretty clear in the order because first... [pauses] The order should be recorded by the legislative power that is supposed to receive it. I think the population also should have a say in the matter because we are working jointly with the population. One of the main points of our demands is that we should have National Police Force badges.

[Reporter] Has this problem been solved?

[Policeman] Obviously, this is not the sole major point. One should be able to identify oneself personally. So, we are saying it, we already told the press that some of us who were part of the former Interim Police Force are used to being harried by the members of the National Police Force because we do not have a way to identify ourselves. [end recording]

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Mexican Trade Official Views Cargo Dispute With U.S.

PA1402013996 Mexico City LA JORNADA in Spanish 12 Feb 96 pp 1, 50

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Jaime Zabludovsky, international trade negotiations under secretary, has reported that the Governments of Mexico and the United States have been unable to resolve the conflict involving the transportation of cargo during the first round of discussion held two weeks ago in Washington. Meanwhile, the Secofi [Commerce and Industrial Development Secretariat] official said that direct foreign investment plummeted by nearly 46 percent last year.

Regarding the latter, Zabludovski indicated that in 1995 direct foreign investment reached approximately $4.5 billion, which represents nearly half of the $8.262 billion that entered the country in 1994, according to Secofi information.

Regarding the obstacles in the cargo transportation and the threats against Mexican tomatoes from the United States, the official commented that these are "common" problems and "they should not be blown out of proportion."

He termed these conflicts "important incidents" and reiterated that it is normal to have problems in this commercial relationship.

Zabludovsky recognized, however, that in the first consultation meeting both governments held two weeks ago in Washington, the problem was not resolved. He added that Mexico "will continue to use that mechanism to try to find a satisfactory solution to the problem."

The official remarked that so far, the United States has not acted on any of its threats, so it is not as though it has violated NAFTA; it has just shown its intention to do so.

The international trade negotiations under secretary said authorities have managed to stop other measures from Mexico and Canada. "We have been able, through explanations and consultation with our counterparts, to express concern and, on other occasions, the mere exchange of information and views has been enough to thwart the implementation of announced measures."

"Many problems are resolved before they get to the press, before they get to the public. They are resolved through consultation, informal talks," the under secretary added.

However, Zabludovsky stated, "it must be understood that the commercial relationship between these two countries has such an intensity and is growing so rapidly, that if in fact it is not desirable, it is understandable and normal that some difficulties and problems of interpretation may arise.

"Obviously we did not know exactly what type of individual problems we were going to face in the future. What we did know is that the commercial relationship between the two countries was already growing before the Treaty and we did not have an instrument to discipline, mediate, and give transparency and predictability to the relationship.

"Hence, NAFTA represents the great juridical instrument to settle disputes, whenever they arise, in a predictable and disciplined manner," he commented.

Zabludosvky also explained that Mexicans will have to learn to use this instrument and demand that the different contracting parties actually fulfill the agreement in its entirety.

Meanwhile, the official stressed that Mexico has reaffirmed its commitment to incorporate its economy into the trends of international trade. He added that one of the important lessons "learned from the foreign exchange crisis in late 1994" was the danger of maintaining an overvalued exchange rate in real terms.

Consequently, one of the important signals and commitments of the new economic policy is to maintain a competitive exchange rate that will allow domestic exporters to continue conquering markets and taking advantage of the access benefits Mexico has in different international markets, Under Secretary Zabludovsky concluded.

Mexican President Unveils Energy Program in Hidalgo

PA1402003896 Mexico City XEW Television Network in Spanish 0400 GMT 13 Feb

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo headed the unveiling of the 1995 [as heard]-2000 development and restructuring program for the energy sector in (Tona), Hidalgo State. The overall objective of this program is to reinforce the energy sector in order to guarantee state control over this field and contribute to the creation of a more prosperous and sovereign Mexico.

[Begin Zedillo recording] Nobody has the right to exploit resources — from energy and its utilization for personal gain to its use as an instrument of pressure or political struggle. The energy resources belong to the nation and must be used in accordance to the law for the

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progress of Mexico and the well-being of all Mexicans. [end recording]

The president noted that all Mexicans have the responsibility to ensure that the exploitation and adequate use of energy resources serve to support growth and lead to the creation of multiple opportunities.

[Begin Zedillo recording] Mexico has major strategic energy reserves to achieve sufficient and balanced development, a development with equity and justice. [end recording]

The president explained that the energy program defines an energy policy to support and exercise national sovereignty, and to make its exploitation and distribution compatible with the preservation and upgrading of the environment.

[Begin Zedillo recording] We plan to give an unprecedented boost to the development and environmental protection of the producer region, within the framework of the new federalism. [end recording]

He reiterated that Mexico will only be as prosperous as its states and regions, as its municipalities and villages. For that reason, Zedillo said, we will use the energy sector industries as a basic platform to protect an overall and balanced development.

In another function, President Zedillo witnessed the signing of an agreement to federalize the administrating committee of the federal program to build schools. Accompanying the president in Hidalgo were the secretaries of energy, commerce and industrial development, finance and public credit, agrarian reform, and education, in addition to the general directors of Pemex [Mexican Petroleum] and Federal Electricity Committee, and Hidalgo State Governor Jesus Murillo Karam. The president returned to Mexico City at noon.

Mexican Official Explains Goals of New Energy Policy

PA1402003996 Mexico City XEW Television Network in Spanish 0400 GMT 13 Feb 96

[Interview with Energy Secretary Jesus Reyes Horales by Jacobo Zabludovsky in the television studios in Mexico City, from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Good evening.

[Reyes] How are you? Good evening.

[Zabludovsky] The development and restructuring program for the energy sector was unveiled this morning. Of what does it consist?

[Reyes] The program seeks to be the framework of reference to organize actions in the field of energy, specifically with regard to petrochemicals and electricity energy, and some aspects of nuclear energy.

[Zabludovsky] The impression that exists, which may or may not be accurate, that among some sectors it is the goal of the program to dismantle the oil industry and sell some of the sectors of this industry. Can you explain what exactly is the goal?

[Reyes] I am glad you bring this point up. This mistaken impression does exist, perhaps because the unveiling of the program was delayed. The objective of this program is really the opposite. What we are seeking is to strengthen our country's energy sector and thus contribute to Mexico's development. We are seeking to have a more equitable development, to create a much stronger country, and, that way, to have a more prosperous and sovereign nation, speaking in general terms. The truth is, however, that because some actions of the strategy have drawn more attention than others, this biased view exists. Let me give you an example. There was a great deal of talk about the privatization of our secondary petrochemical industries, but this is regarded as a key element of the country's entire energy policy, when it is, in fact, simply one of the elements of it. The purpose of outlining the policy, as we did today, is to give a more general framework of the actions in this field, as well as the exact dimension and adequate assessment of every one of these actions. We are envisioning eight specific objectives in the corresponding area?

[Zabludovsky] I do have not a clear understanding of the role private investment will play in the plan you are going to develop.

[Reyes] The program envisions several things: The first one is the strengthening of the energy sector as a whole, meaning, in areas where private and public enterprises converge. Second, the goal of this strengthening is to help the sector produce goods and services that are more competitive and compatible with international standards so as to allow the rest of the country's factories to compete successfully in international markets. The program seeks the adequate development of the sector's public enterprises, so that Pemex [Mexican Petroleum], the Federal Electricity Committee, and the Central Light and Power Enterprise [Luz y Fuerza del Centro] can develop quickly in the coming years, and, this way, improve the working conditions of those employed in this sector. These actions would be insufficient if at the same time we did not consider a greater participation by private investors. I mean private investment in those sectors that the Constitution and the law allow it. I would especially dare mention here the generation of electricity energy.

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This was a field that was exclusively reserved for the state and has now been opened. In addition, there are series of activities related to the natural gas, such as gas distribution, construction of pipelines, and the distribution of gas in the different cities of our country. The idea is to seek an adequate compromise between a strong and sustained development by state enterprises, and at the same time, a participation by private investors in those activities allowed by the law and where they can provide resources, technology, organization, and management to do things right.

[Zabludovsky] Up to how much and when will private investment be allowed?

[Reyes] Let me answer the question as to when. As a matter of fact, several legal amendments have been approved that already allow the private investment to participate in the areas I talked to you about. We are actively promoting this participation. We are resolving some legal and technical details. We are asking that this be done as promptly as possible to benefit this sector. The doors are open in this respect and in these fields, and we want this to take place as soon as possible. With regard to how much, quantitative estimates are always complex. We estimate that the sector as a whole will require a minimum investment of approximately 250 billion new pesos, at last year's prices, and that a fifth of this — approximately 50 billion new pesos — will correspond to investment by the private sector, not including those investments earmarked to expand the secondary petrochemical industry.

[Zabludovsky] Thank you, Mr. Secretary. Do you want to add anything?

[Reyes] I simply want to thank you for this opportunity to explain these basic elements of the program and for letting us inform the people about the specific elements of the energy strategy and the corresponding programs of each enterprise in this sector.

[Zabludovsky] Thank you, good evening.

[Reyes] Good evening.

Article Discusses Mexico's 1996 Budget Allocations

PA1402024296 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 12 Feb 96 p 3A

[Report by Gustavo Sauri]

[FBIS Translated Text] The budget allocated to cleanse the financial system and to plan toll road infrastructure will receive a similar amount of funds as what is to be allocated for social programs this year. Social programs such as health and social security will receive 82.551 billion pesos, while assistance to banks will amount to 83.9 billion, an amount that could increase in keeping with the trends registered by economic activities and interest rates.

Regarding other programs, such as regional development, supplies, nutrition, urban development, and labor counseling, the difference becomes even wider, since the rescue amount will be 20 times larger than the allocations for any of these areas of the programmable budget.

Only education, the most important area of the social budget, will receive a larger amount — approximately 90.618 billion pesos — equal to 4.1 percent of the GDP estimated for 1996. As a matter of fact, this figure is 6-percent smaller than the figure recommended by UNESCO.

The resources that will be channeled for this objective turn out to be 22.1-percent larger than the total allocations to be received by the states: 68.659 billion pesos.

Another interesting indicator being compared is the budget for infrastructural investment [inversion fisica presupuestal], which will amount to 75.298 billion, a smaller amount than the support for the banks.

According to information provided by this supplement, with data from the National Banking Commission, the 1996 Fiscal Budget of Expenditures of the Federation and the General Guidelines of Economic Policy, this means that the support being given to the banks this year will be 11.4-percent larger than what the public sector plans to spend for the entire year, both in capital investment and financial investment.

The resources to be allocated for the commercial banks are distributed in keeping with the following amounts and programs: Investment Units (UDI's), 17 billion pesos; Agreement for Immediate Support to Bank Debtors (ADE), 13.4 billion; the Savings Protection Banking Fund (Fobaproa) will receive the largest allocation of all, 82.2 billion; capitalization plans, 7.4 billion; and toll roads, 14.1 billion.

What is not entirely clear is the source of these resources, since only $15 billion coming from the fiscal surplus and $1.750 billion obtained from such international financial institutions as the World Bank and the IDB have been considered.

The second group of resources is somewhat reliable, but the first one will depend on the goals of the economic program and particularly, spending controls and the fiscal goals.

It is worth mentioning that in the operational and financing mechanisms of each program, it was established that

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the fiscal cost, including its capitalization over time, will be financed to the federation, particularly, by the banks in periods of up to 30 years.

Although the program is properly structured, it does present three risks: The first one deals with the public finances, since its success is contingent upon the sound performance of this variable. In addition, there is so much confidence in the public finances that thus far, no alternative has been explored to resolve any problem that might arise should the economic surplus fail to generate the projected resources. The second risk has to do with the amount of resources, since the programmed budget of expenditures might turn out to be insufficient to cover the gap left by the debtors.

This is the reason why the overdue bank portfolios not only remain at high levels by representing 17.4 percent of the total portfolio up to December 1995, according to data by the Mexican Association of Bankers (ABM), it continues to grow. In addition, there is a substantial change in the economy, which is attracting short-term instruments as demonstrated by the growing contraction in the financing by multipurpose banks to the private and social sectors.

All of this indicates that rather than registering any improvement, the financial situation and the assets of the banks tend to get worse, even with the support programs. Up to 31 December 1995, the balance of financing by multipurpose banks to the private sector rose to 602.5 billion pesos, an amount that represents a 30.9-percent reduction, in real terms, compared to figures for the same month in 1994. Thus, the growth rate of the multipurpose banks' financing in 1995 was 55.1 percentage points smaller than the rate registered in the past two years.

The above-mentioned indicates that instead of showing improvement, the financial and currency situation of banks has tended to deteriorate despite government support. The only alternative at this time, unavoidably seems to be the capitalization of these institutions by the partners or, in their absence, by foreign investors, the only misgiving being that Mexican bankers would have to give up control of the banks.

That is the case of the Mercantil Probursa where the Spanish partners have ever increasing power of decision regarding the direction of the bank. The same occurred recently with Inverlat which had to be turned over to its Canadian partners of the Bank of Nova Scotia.

This is relevant, because in the end it seems that the support paid out by society will serve to save institutions that in a few years will no longer be owned by Mexicans, but by foreigners.

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Guatemala

Guatemalan Minister: Mexican Trade Ties 'Main Objective'

PA1402030096 Guatemala City LA REPUBLICA in Spanish 12 Feb 96 p 7

[Report by Ramon Hernandez]

[FBIS Translated Text] Guatemalan President Alvaro Arzu Irigoyen will have "specific objectives" in mind when he attends the "Tuxtla Gutierrez Second" summit, which is scheduled begin this Thursday in Costa Rica. Guatemala's main objective will be its trade relations with Mexico, so said Foreign Relations Minister Eduardo Stein this weekend.

The objective of this summit of presidents from Central America and Mexico is to accelerate the modernization of economic and trade relations and reach an agreement on some specific points related to electricity, transportation, transfer of technology, and other topics.

During this summit, President Arzu is expected to discuss migration issues with his Mexican counterpart Ernesto Zedillo. A few days later, along with various state ministers, Arzu will make a three-day courtesy visit to Mexico.

Foreign Relations Minister Stein stated that the main topic for Guatemala during this summit "will be trade with Mexico. However, other sectors would like to consider the Costa Rican summit from a more strategic and long-term standpoint. Guatemala has no objections in this regard because long-term agreements are expected, including specific agreements to overcome some obstacles to trade."

In January 1991, the presidents of Central America and Mexico met in Tuxtla Gutierrez, the capital city of Chiapas State in southern Mexico, to implement an economic and trade cooperation agreement, the technical name of which became Tuxtla One.

The presidents of Belize and Panama will participate in this summit, which will begin this Thursday in San Jose, although these countries did not participate in the first summit.

A group of Guatemalan experts from various ministries will travel to Costa Rica tomorrow to work in preliminary meetings and finish off the documents that will be signed during this presidential summit.

Guatemala, URNG Note Willingness To Continue Talks

PA1302222596 Guatemala City Televisiete Television in Spanish 1900 GMT 12 Feb 96

[From the "Channel Seven News"]

[FBIS Translated Text] The government and the General Command of the Guatemalan National Revolutionary Unity, URNG, signed a joint communique in Rome today in which they stressed their political willingness to continue talks toward achieving a peace agreement that will put an end to 35 years of war.

The document, issued after negotiations [word indistinct] public in Rome sponsored by the San Isidro Catholic Community was signed by Guatemalan Government Minister Rodolfo Mendoza, Gustavo Porras, government coordinator of the Group for Peace, and URNG commanders Rolando Moran and Pablo Monsanto [Jorge Ismael Soto Garcia].

Guatemalan Government Appoints Peace Commission Members

PA1302222496 Guatemala City Televisiete Television in Spanish 1900 GMT 12 Feb 96

[From the "Channel Seven News"]

[FBIS Translated Text] Today the government announced the names of the members of the presidential peace commission who will directly participate in the negotiations with the Guatemalan National Revolutionary Unity, URNG.

[Begin Foreign Minister Eduardo Stein recording, broadcast in progress] ...announce the members of the negotiating Peace Commission known as Copaz. The coordinator will be Gustavo Porras Castejon, who will be accompanied by Richard Aitkenhead and Raquel Zelaya. In due time, the president will select from the names proposed by the defense minister the military officers who will accompany the civilian members in Copaz. I would like to add that this is a basic commission, which may be expanded. In other words, new members appointed by the president will be incorporated, depending on the subject and phase of the negotiations. [end recording]

Guatemalan Monetary Board Approves Economic Policy

PA1302190996 Guatemala City SIGLO VEINTIUNO in Spanish 10 Feb 96 p 5

[Report by Juan Carlos Ruiz Calderon]

[FBIS Translated Text] The Monetary Board (JM) yesterday approved, during a special session, the monetary,

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exchange, and credit policy proposal for 1996, where the stability of the general level of prices, like in the preceding years, will continue to be its main objective.

Willy Zapata Sagastume, president of the JM and the Bank of Guatemala [Banguat], has said that the monetary and fiscal policies will be closely coordinated, in an effort to reduce interest rates without endangering stability or the inflation goal set for this year (between 8 and 10 percent).

The Goals

Among the goals economic authorities should accomplish during 1996 is the international monetary reserves level, which should be $640 million.

The real rate of GDP growth is expected to grow again by 5 percent, although it may reach 5.5 or 6 percent.

The Bank *will participate in the money market in order to maintain appropriate liquidity levels in circulation*, the JM president stated, which implies that the legal banking cash reserves rate will remain at 14 percent and the mandatory investment rate in 19.5 percent.

In addition, the policy of not granting advances from internal resources to banks and financial institutions will continue to be in effect, except if they are facing short term liquidity problems, nor foreign resources will be given to banks.

Regarding the foreign exchange policy, Banguat will continue to participate in the market to buy dollars for paying its foreign debt or government obligations, or when speculation is detected.

Monetary and Fiscal Policies Coordinating Committee Created

Zapata remarked that in order to harmonize monetary and fiscal policies, the JM created a high-level committee that will coordinate both policies, consisting of the Ministry of Treasury and Banguat. The idea is to coordinate the participation of the Ministry of Public Finance in the financial market so as to exert downward pressure on interest rates.

Privatization

Zapata explained that the privatization represents an option to resolve the structural monetary problem, and the economic cabinet is currently analyzing it under the new authorities' government plan.

Honduras

Honduras Appoints Nunez Bennett as Defense Minister

PA1402014196 Tegucigalpa LA TRIBUNA in Spanish 13 Feb 96 p 15

[FBIS Translated Text] As of yesterday, the government of the moral revolution has two new faces: Colonel Jose Luis Nunez Bennett in the Defense Ministry and Salomon Ordonez in the manager's office of the National Enterprise for Electric Power (ENEE).

President Carlos Roberto Reina disclosed these appointments yesterday, when he also approved General Alvaro Antonio Romero Salgado as chief of the Presidential Staff. Reina also confirmed that Jeronimo Sandoval Soto has replaced Herman Aparicio in the Secretariat of Communications, Public Works and Transportation (Secopt).

Jose Luis Nunez is a member of the sixth graduating class of the "Francisco Morazan" Academy. He replaces General Reynaldo Andino Flores, who will retire in 1997.

Many considered the officer as "purged" from the head of the Directorate of Indoctrination after he openly competed with Mario Raul Hung Pacheco as a candidate for chief of the military institution.

As is well known, the position was under "discussion" between President Carlos Roberto Reina and the chief of the Armed Forces who had proposed Colonel Francisco Bustillo Murcia as a candidate. Reina finally prevailed with Jose Luis Nunez Bennett.

ENEE Manager Salomon Ordonez was acting manager of the institution at the beginning of the administration.

Like Guillermo Miranda, Ordonez was proposed as new Secopt secretary to face Abraham Rodriguez, who was included on the list of candidates.

Meanwhile, Chief of the Presidential Staff Gen Alvaro Antonio Romero Salgado continues in his position. Romero was promoted with a group of five generals from the eighth graduating class. Romero is a member of the sixth graduating class and the last member of this class to remain an officer in active duty. The president's authority also prevailed because the Armed Forces proposed Colonel Alejandro Martinez Avila, given that Romero could not remain on active duty because of his years of military service, but he continues to have Regina's confidence to remain in charge of the security of him and his family.

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Honduran Workers Protest, Demand Minimum Wage Increase

PA1302024396 Panama City ACAN in Spanish 1743 GMT 12 Feb 96

[FBIS Translated Text] Tegucigalpa, 12 Feb (ACAN-EFE) — Honduran organized workers today, Monday, disrupted traffic in streets and highways of the country's main cities, some in which people were injured, as they clashed with police, demanding a minimum wage increase.

In San Pedro Sula, which is located in northern Honduras and has the highest economic growth, at least four people were injured at a demonstration staged by hundreds of workers who took over two of the main access highways.

The police dislodged the demonstrators who occupied a highway in Choloma, located approximately 12 km north of San Pedro Sula. It was here where people were injured. The workers took over boulevards and erected barricades with old tires, which they burned to prevent the access of all types of vehicles. The police dispersed them.

In the central city of Comayagua, union members barricaded the road linking central and northern Honduras. Meanwhile, in Tegucigalpa, demonstrators posted themselves in front of the Presidential House and interrupted traffic along at least two main thoroughfares.

The Public Security Force (police) warned it will not allow the occupation of public roads, and prior to dislodging the demonstrators, Colonel Julio Cesar Chavez called on workers to seek a negotiated solution to the conflict.

The protests, which started today, were announced in late January by the country's main workers organizations, which are demanding a minimum wage of 1,400 lempiras (approximately $140) to offset the high cost of living, but the workers' demand, a 100 percent increase over current wages, is impossible to meet, according to businessmen who are offering a wage hike that does not exceed 15 percent.

Talks between workers and the private sector to reach an agreement on the new minimum wage failed last week, but a favorable solution is expected today from the meeting that representatives of the working class and President Carlos Roberto Reina are holding.

In addition to the wage increase, workers are demanding tangible actions to combat corruption, that people who earn less than 50,000 lempiras a year not pay income taxes, and reforms to the electoral law.

Adolfo Facusse, a candidate to the presidency of the Honduran Council for Private Enterprise (COHEP), has said that businessmen recognize and agree that the minimum wage must be increased, that they support some of their other demands, but that a wage hike as the one they are demanding is impossible. Increasing the minimum wage by 100 percent, as workers demand, would increase the already high inflation rate this Central American country has, Facusse has said.

The Honduran inflation rate is 29.5 percent, according to government sources. Private organizations insist, however, it exceeds 30 percent.

The Honduran president also has recognized that the workers' demands are fair, but he has been unable to reach an agreement with businessmen to grant a reasonable wage increase to workers.

Felicito Avila, General Workers Federation (CGT) secretary general, has said that the current pressure tactics are peaceful and that other actions will be carried out gradually.

According to the local media, most Hondurans complain that the prices of all products and services are increasing without control from authorities while wages are still stagnate.

Honduran Clothing, Textile Industry Said 'Under Threat'

PA1102034796 San Pedro Sula TIEMPO (MARTES FINANCIERO Supplement) in Spanish 6 Feb 96 pp 1, 6

[FBIS Translated Text] The clothing and textile industry in Central America is under threat, to say the least: the constant migration of factories and contracts to Mexico and the idleness of the region's plants reached such a degree that 60 percent of them work less than half of their installed capacity.

In the specific case of El Salvador, 40 enterprises closed down during the past 12 weeks, leaving approximately 8,000 people jobless. In Guatemala, 77 enterprises closed, which affected 40,000 people.

Similar situations continue to occur in the other area countries, but specific information is lacking, according to a document drafted by the Central American and Caribbean Council of Support to Clothing and Textiles [Consejo Centroamericano y del Caribe de Apoyo a la Confeccion y Textiles — CACTAC].

Assembly plants, which in the case of Honduras, is a sector that is important to the country's development, currently generates nearly 68,000 jobs and this growing

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trend will continue, thus a deviation of investments would cause serious repercussions to the economy.

According to AHM [Honduran Assembly Plant Association] figures, Honduras is the 10th country in the world in clothing exports to the United States, with a 23-percent market share.

The AHM indicated that in shirts, Honduras is the sixth world producer, it holds the fourth place for pants, and third place for T-shirts.

Between January and September 1995, maquila [assembly plant sector] represented $667.7 million, in other words 22.1 million dozens exported during that period. This activity generated for the entire year $650 million [figure as published] and $185 million in aggregate value, in other words salaries paid and basic services such as water, electric power, local purchases, port services, and Hondutel [Honduran Telecommunications Enterprise], among others.

The Opinion

Even though growth has not been as expected, Honduras is the second Caribbean Basin exporter and the first in Central America.

AMH Director Juan de Dios Herrera said that Honduras is the world's 10th largest assembly exporter.

Herrera believes that no country in the area has grown according to expectations due to the free trade agreement. "Mexico has a much greater advantage compared to all the other countries because they pay no tariffs and they have no quotas, while the area does," he said.

For example, this country will not be able to export more than 10 million dozen underwear in 1996 and it is in no condition to go over the limit. Tariffs and taxes will be paid on the 10 million dozen.

There is a limit on the amount. In other words, if Honduras has a 11,860-dozen quota on womens blazers, it pays taxes when this quantity is reached, but no more can be exported. Mexico, on the other hand, has no quotas or tariffs.

Herrera believes that it costs on average between $4,000 to $5,000 to send a container to the United States from Caribbean Basin countries. From Mexico it costs $500. The average time it takes from this area to the United States is four or five days. It takes six hours from Mexico. The comparison is obvious: the area is at a disadvantage.

With the devaluation of the Mexican peso, labor costs, which is the main attraction for Honduras and the rest of the area, has become cheaper in Mexico.

This situation has caused companies to leave and go to Mexico, although it is obvious that some will stay here if conditions remain normal.

The Problem

According to the CACTAC document, the maquila problem has exacerbated due to the boycott against products manufactured in the area, which are coming under attack by various U.S. union organizations that "serve as fronts to the AFL-CIO and the AIFLD [American Institute for Free Labor Development — IADSL], among others."

It is for this reason that CACTAC requested from the United States a certification that area countries are complying with the U.S. market requirements to gain access to the Generalized Preference System (GSP) and the Caribbean Basin Initiative (CBI).

Both are U.S. administration prerequisites in order to grant parity treatment to Central American countries. For this reason maquila entrepreneurs met recently in San Pedro Sula to coordinate efforts to rescue the industry in the area by obtaining parity with NAFTA.

This was done because NAFTA allows Mexico access totally free of quotas and taxes to the U.S. market. If this were to happen in the area, investment conditions would remain and the area would be in a situation similar to Mexico regarding tariffs and quotas.

Mexico's participation in U.S. imports amounted to 731 percent between January and June 1994, while that of Central American countries together was limited to 0.77 percent, according to Economic Commission for Latin America (ECLA) figures.

Nevertheless, U.S. customs information shows that in 1994 there was a 50 percent growth of Mexican exports. Just in clothing and textiles, exports went from $800 million to $12 billion [12 billones de dolares].

From this, one can see the importance it has for the region the signing of new trade agreements with the United States because this will allow Central American countries to attain a better position in North American markets.

In the case of Honduras, taking into consideration that the United States absorbs more than 50 percent of the national exports, there is considerable interest by entrepreneurs in that some sort of trade agreement take place to ensure continual access to that northern country, especially now that the development philosophy is aimed toward open trade.

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The Harm

The document in the hands of MARTES FINANCIERO says that in November, a U.S. Government delegation, accompanied by union leaders of the previously mentioned organizations, visited these countries.

According to the document, the delegation seemingly came to justify through false situations and fraudulent schemes that this area did not deserve preferential treatment (GSP and CBI) by accusing these countries of massive violations to workers' rights in addition to non-enforcement of the labor codes by the governments.

It is important to point out that the commission found in Honduras excellent working conditions and an atmosphere in which respect to workers' rights prevail.

Nevertheless, the maquila operators suggested that pressure be maintained, as well as the expressions of dissatisfaction and worry, over the lack of compliance of the parity promises made by President William Clinton directly and on several occasions through Vice President Al Gore.

Panama

Panama Receives Mexico's Zedillo for Official Visit

PA1402042296 Panama City ACAN in Spanish 0210 GMT 14 Feb 96

[FBIS Translated Text] Panama City, 13 Feb (ACAN-EFE) — Mexican President Ernesto Zedillo arrived today in Panama for an official two-day visit, during which he will sign bilateral cooperation agreements and meet with his Panamanian counterpart Ernesto Perez Balladares.

The Mexican leader, accompanied by his wife Nilda Velasco, his Foreign Affairs Secretary Miguel Angel Gurria, and a large entourage, was welcomed by Foreign Minister Gabriel Lewis Galindo, Presidency Minister Raul Arango, Planning Minister Guillermo Chapman, and Nicolas Gonzalez Revilla, a Panamanian businessman who will act as the visiting dignitary's civilian aide-de-camp.

Zedillo and his entourage arrived aboard a Mexican Air Force airplane at 2100 (0200 GMT) under strict security measures.

One of the most important events in which the Mexican president will participate on 14 February will take place at the Chamber of Commerce, Industries, and Agriculture, where he will deliver a markedly economic speech to Panamanian businessmen.

Panama is the only Central American country that has not initiated negotiations with Mexico with a view to signing a TLC [Free Trade Agreement]. Mexico has already signed such an agreement with Costa Rica, and is holding advanced talks with other nations, such as Nicaragua.

According to government sources, the two presidents will, in all likelihood, discuss the renegotiation of the oil debt of approximately $135 million that Panama has with Mexico.

Manuel Martinez, Mexico's ambassador to Panama, said today that the Mexican president and his Panamanian counterpart will conduct a "general overview" of the state of bilateral relations.

He added that they will exchange views regarding certain international affairs that are of interest to both nations.

Zedillo will begin his official agenda tomorrow with a visit to the presidency of the Republic at 0900 (1400 GMT) for his first meeting with Ernesto Perez Balladares.

Later he will attend a Cabinet Council session, be decorated by the Panamanian Government, and attend a gala dinner in his honor.

The Mexican president will leave Panama on the morning of 15 February for San Jose (Costa Rica), where he will hold a summit with the Central American presidents as part of the "Tuxtla-Gutierrez II" agreement.

This forum, created in 1991 before the region's weapons had been silenced, has not met within the past five years although it has been defined as the framework for the intensification of relations between the nations on the isthmus and their powerful northern neighbor.

Proposed Panama Canal Administrator on Transition

PA1402015396 Panama City EL UNIVERSAL DE PANAMA in Spanish 10 Feb 96 p 1

[Report by Jose Eduardo Sanchez]

[FBIS Translated Text] Recently proposed Panama Canal administrator Alberto Aleman has said there are many challenges to be faced so the transition of the Canal administration will be imperceptible. Aleman has said his main task will be to ensure that the waterway will continue to operate efficiently and safely.

Aleman has said his task, once he is proposed by the President of the United States and approved by the Senate, will be to carry out a change in such a way that the transition from a U.S. Administration to a Panamanian administration will not be perceived.

We have to ensure that all the freight passing through the Canal will traverse in the same way it has during 80

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years of service, trying to improve service by offering a modern, safe, and efficient Canal to all users.

Aleman has said the problems that must be faced are not impossible to solve as long as the Panamanian Government, the Canal administration, and the U.S. Government have the will to keep the Canal operating efficiently.

Regarding the Canal workers, Aleman has said it was understandable that a new administrator would arouse mistrust, but he believes participation is fundamental to achieve the objectives.

Included among the objectives to be developed is to guarantee the conditions of Canal workers by protecting the workers' current labor and salary conditions.

According to the recently proposed Canal administrator, we are a few years behind regarding the transition, but this can be gradually overcome by the year 2000 to achieve a normal transfer of the Canal.

Panamanian Administrator on Effects of PCC Incorporation

PA1302175196 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Feb 96

[Report by Abdiel Antonio Gutierrez; from the "RPC Television News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] The countdown for the reversion of the Panama Canal to Panamanian hands continues to advance inevitably. Consequently, circumstances are forcing government leaders to pave the way for a smooth transfer of facilities. From the United States one of this measures was materialized in the passing of the Law that turns the Panama Canal Commission [PCC] into a corporation.

The PCC is acquiring once more part of the characteristics it had prior to the signing of the 1977 Canal Treaties. By order of U.S. President Bill Clinton, last Saturday the PCC stopped being a federal agency to become a corporation with greater authority over its assets and autonomy in its management and administrative decisions.

[PCC Administrator Gilberto Guardia] "This decision was also accompanied, given the fact it is now a corporation, by the possibility to allow the agency to revise many regulations governing its operations, in an effort to expedite them further."

The status of workers and other general aspects will remain unchanged, Guardia explained. The important thing is that the operating limitations of the PCC will be overcome. However, the principle of operating as a nonprofit organization remains unchanged.

[Guardia] "Currently the Canal is highly productive for Panama. In other words, it generates profits for Panama, not for the United States. The payment the Canal makes to the Republic of Panama — which currently stands at $100 million annually — represents the payment of dividends from a company to its shareholders or one of its shareholders. This represents approximately 16 percent of the gross income of the Canal. I believe that very few firms can pay dividends of 16 percent of its gross income, namely its sale."

One of the most important elements of the incorporation of the Panama Canal is that it paves the way for its transfer to Panamanian hands.

[Jorge Ritter, member of the Transition Commission for the Transfer of the Panama Canal] "We, Panamanians, are committed to making the transfer as smooth as possible, so that Canal users don't realize that a change occurred on 31 December 1999. To this end, it is better to have a corporation because this is — more or less — the system under which the Panama Canal Authority will be administered."

Coincidentally, the Panamanian Constitution establishes that in the event the legislation that will replace the federal law governing the waterway is not approved, those that do not go against the Constitution will continue to be applied.

[Ritter] "But I can guarantee that long before 31 December 1999, Panama will not only have the Basic Law of the Panama Canal Authority, but will have all regulations and manuals translated and approved."

And in this framework of reforms and changes, the PCC administrator said he does not doubt Alberto Aleman will be ratified as his successor, in spite of the fact he is currently director of the firm that is carrying out several works in Gaillard Cut.

[Guardia] "The firm of Engineer Aleman has won bids in the Canal. I must say this because it is true. My own firm won bids in the Panama Canal, many of which were for several years. We had a few years of not maintaining many contracts with the Canal when I was designated PCC administrator. I left my firms in a permanent manner, and I requested my firms not to participate in any bids in the Panama Canal during my term as administrator."

Guardia remarked the bids in the Panama Canal are crystal clear, adding that this must continue under any administration.

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Although the incorporation does not entail the worsening of labor conditions in the PCC, a reliable source told "RPC Television News" that what authorities want to do is eliminate the privileges of U.S. employees, who today receive extra pay, exonerations, housing, and cars. However, this will be done through another legal reform.

Panama's President on Wages Paid in Export Zones

PA0902232596 Panama City LA PRENSA in Spanish 8 Feb 96 p 3A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] President Ernesto Perez Balladares said to local businessmen yesterday, that the wages to be paid at the Export Processing Zones (ZPE) will be higher than the minimum wages valid in Panama currently.

During a breakfast with members of the National Council of Private Enterprise (Conep), the president said that "evidently those zones are not maquiladoras [assembly plants] but industrial parks with medium technology where wage levels are much higher than our minimum wage scale."

This must not trigger the fear that maquiladoras usually spark. The government is promoting the establishment of industrial parks similar to those in Taiwan [illegible]ere the cost of manpower is higher than in Panama. [illegible] must take advantage of this without inhibiting the w[illegible]kers' labor or economic conditions," he asserted.

Labor sector leaders have expressed their rejections to the ZPE because they believe it will eliminate workers rights established in the labor law.

However, the president regretted that there are still labor leaders who "insist" we are attempting to hinder the interests of the workers when "what we are doing in reality is to gain opportunities for decent jobs."

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Argentina

Argentine Editorial: 'Threatening Clouds' Over Colombia

PY1302005796 Buenos Aires LA NACION in Spanish 7 Feb 96 p 8

[Editorial: "More Clouds Over Colombia"]

[FBIS Translated Text] The murder of Elizabeth Montoya de Sarria, who was notoriously linked to drug trafficking and had acted as Colombian President Ernesto Samper's interlocutor in the compromising recordings that allegedly incriminate him as having received spurious contributions for the electoral campaign that took him to the presidency, adds to the burden already being carried by the Colombian institutional system.

These charges have laid on Samper's shoulders a heavy political crisis, the solution of which has yet to be seen. What can indeed be seen is that the effects of this crisis are not only causing the image and authority of the president and his aides to acutely deteriorate, but also casting increasingly threatening clouds over the future of Colombian institutions. They are also reducing the possibility that these institutions may again have the credibility that is required for a thoroughly democratic system.

Samper, hounded by contradictory charges and inquests, sees his capacity to administer the country reduced and the support his party congressmen granted him becoming weaker. These congressmen are also involved in complications with the laws: Of the 130 deputies of the Liberal Party bloc, three have been arrested on charges similar to those filed against the president and 14 others are facing inquests.

Elizabeth Montoya's murder is now added to all that. Her testimony was going to represent the main piece of the inquest being filed against Ernesto Samper. She was riddled with bullets in her own apartment, although she had been officially declared a fugitive and judges and policemen had said that it was impossible to locate her. This incident and the circumstances in which it took place has shades of mockery. The confusion was worsened by reports stating that U.S. security organizations have suspected Samper's connections for many years, at least since the days when the notorious head of the Medellin cartel — Pablo Escobar Gaviria — was still a Liberal Party deputy, which he ceased to be in 1983.

The amount of drugs being processed and sold in Colombia and the huge sums of money circulating in the country as a result of these activities have been creating serious institutional difficulties. These derive from the suspicions that the public spheres are inevitably linked to the drug world: Connivance, concealing, and guilty tolerance have been frequent, particularly in a society in which guerrilla activities, gangsterism, and administrative corruption have been constantly present for 50 years.

The Samper crisis has but indicated that the suspicion has, logically, extended to the highest-ranking government personalities and that the extent of corruption in the ethical minefield of Colombian politics seems to be limitless, just like the disbelief of the citizens.

The Colombian people must react vigorously, from the moral viewpoint, to these facts. Like all other peoples, they do not deserve to be left in uncertainty about the decorum of those who should watch out for the country's general well-being.

Argentine Policy for Fishing Agreement With UK Viewed

PY1302171796 Buenos Aires CLARIN in Spanish 11 Feb 96 p 15

[Article by Oscar Raul Cardoso]

[FBIS Translated Text] On 28 February, Argentine diplomacy faces the third informal meeting on fishing with its British counterparts. The prospects are full of serious doubts regarding any agreement. In addition, there are no visible grounds for the change of position which now leads it to consider an agreement with London "to be desirable and convenient for both parties" after having refused to contemplate this idea since the 1982 military defeat. [sentence as published]

This definition was offered last week by Ambassador Guillermo Gonzalez, foreign policy under secretary of the Foreign Ministry, but it was made known in a very general and expansive way that it is not even possible to guess the reasons behind the new policy.

The closest thing to an explanation given by the diplomat was that "we are seeking to reduce all areas of misunderstanding with the United Kingdom. If it is true that in the past we have rejected the idea then it is no less true that times change and an agreement is now desirable and convenient for both parties."

Until October 1995, Argentina refused to contemplate the many British offers to coordinate the exploitation of fish in the zone of conflict, a resource that has guaranteed the islands their postwar prosperity. It must be recalled that this position was implemented without interruption during the slow agony of the last military government, the Radical [Radical Civic Union] administration, and even during Carlos Menem's first mandate.

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One argument now being used by Gonzalez, who also negotiated the agreement for oil exploitation in the South Atlantic, is that the understanding with London — and of course with the reluctant islanders — will allow the parties to evaluate with scientific precision the magnitude of ichthyological resources, especially the ilex shrimp and the Polish hake, two species that fishing vessels really lust for in that area.

This argument has conspicuous echoes of the basic essentials with which for years London tried to lead Argentina to the negotiating table to discuss the question.

When Margaret Thatcher was prime minister and before the two countries restored postwar relations, the Foreign Office [given in English], the British Foreign Ministry, tried to take the matter to the FAO [UN Food and Agriculture Organization], accusing Argentina of unscrupulousness in the preservation of resources.

That initiative alarmed Argentina and gave it several headaches because it presupposed a dangerous internationalization of the question and a path that would unavoidably lead the United Kingdom to assume the role of a country with coasts in the South Atlantic.

Foreign Minister Guido Di Tella has repeatedly said a fishing agreement should be much more easy to achieve than last year's agreement on oil, which was negotiated arduously but successfully from the official viewpoint.

The logic of this simple evaluation was based the fact that while oil is a finite resource, fishing resources are — at least in the theory of preservation — renewable.

Gonzalez corrected this criteria, which seems to have become as obsolete as the old Argentine resistance to the fishing agreement, stressing that "negotiations create serious jurisdictional questions and, even though they are renewable, fishing resources are a resource and a resource is sovereignty."

The reasons driving Argentine diplomacy to seek an objective with still unknown advantages continue to be hidden in the clouds of the official line.

Other diplomatic sources consulted by CLARIN offered these deductions:

That a "gentleman's agreement" exists between Buenos Aires and London to advance on matters essential for closing the oil agreement. It must be pointed out that this commitment has been flatly denied by Gonzalez.

That there are instructions from Menem and Di Tella to continue the matter, but avoiding any trouble that could frustrate the former's visit to the United Kingdom.

The Argentine Government is following a line that is being imposed by the lobby [preceding word in English] of a sector of the fishing industry.

Argentine Ministry Announces IMF Standby Loan Accord

PY1402003796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1719 GMT 13 Feb 96

[FBIS Translated Text] Buenos Aires, 13 Feb (NA) — The Economy Ministry reported today that Argentina has reached an agreement with the IMF for a new standby loan agreement that will mature in December 1997.

The Economy Ministry issued a communique saying that "the new program is based on the consolidation of the fiscal situation, the Convertibility Plan, and structural reforms now under implementation."

The note does not mention the amount of the loan, but it makes clear that it will be determined in April, when the IMF board of directors meets to analyze a report issued by the mission that visited Argentina.

The dissemination of the IMF technical conclusions and the bases for the agreement just closed are disseminated at a time when Minister Domingo Cavallo is visiting the United States to present a new Global Bond for $1 billion.

Some analysts speculated that the dissemination of these reports, which still do not mention figures, are a government sign to investors stressing that Argentina has relations with the IMF.

The new standby anticipates that Argentina will maintain its operative fiscal balance and contemplates the incorporation of $2.5 billion from privatizations to close this year's accounts according to plans.

Argentina could have a fiscal deficit of $2.5 billion in 1996 without the funds derived from the sale of the state ownership in privatized companies, nuclear power plants, and hydroelectric dams.

The government had already made progress with the agreement when the IMF decided to make the 1995 goals more flexible, which meant diverting some $4 billion from original goals. The IMF originally established a requirement of a $2 billion surplus without including the proceeds from privatizations.

The IMF mission that audited Argentina's public accounts during the last three weeks delayed its departure for several days to analyze the true meaning of the "superpowers" approved by Congress that will give the president a chance to change some taxes and permit closing the year with the much-sought fiscal balance.

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The government has reportedly also accepted an IMF suggestion to wait to have the fiscal account figures for the first quarter before deciding on any VAT [value-added tax] reduction.

The advise was shared by Minister Domingo Cavallo, and President Carlos Menem's pressures to reduce the VAT from 21 percent to 18 percent in April provoked some short circuits among economic team members and IMF technicians.

The IMF has allegedly approved the government figures on the fiscal situation only in general terms, but after warning that fiscal goals must be strictly observed as of April.

According to the communique disseminated today, the IMF mission concluded that Argentina "fulfilled the proposed objectives" of the extended facility program that has been in effect since 1992 and extends until next month.

IMF projections for Argentina were drafted based on the assumption that the country will start growing as of the fifth month of the year.

According to these projections, the effects of the recession should start fading in April, which should help improve tax collection levels.

'Chronology' of Argentina's Frepaso Alliance Discussed

PY1202221896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2234 GMT 9 Feb 96

[FBIS Translated Text] Buenos Aires, 9 Feb (NA) — The Frepaso [Front for a Country in Solidarity] alliance was short-lived. In its one-odd year of existence, it was racked by disputes between its foremost leaders Carlos "Chacho" Alvarez and Jose Bordon over the political leadership of the coalition.

The following is a chronology of the most important events marking the history of the Frepaso from its foundation to the crisis that led to the current rupture within the coalition:

— 8 August 1994: Bordon, Alvarez, and the Radical Federico Storani meet at El Molino tea-room, in the neighborhood of Congreso in Buenos Aires, where they commit themselves to establishing a party having a "crosswise" structure.

— 1 September 1994: During a news conference, Bordon announces his break from the Justicialist Party [PJ] and his pledge to throw in his lot with Alvarez, the leader of the Grand Front.

— November 1994: Alvarez and Bordon announce the establishment of the Frepaso alliance comprising the Socialist Unity (US) and the Christian Democratic Party (DC).

— December 1994: Following a long altercation between Alvarez and Bordon over the strategy to secure the allegiance of other parties, the Frepaso convenes primary elections for the nomination of the Frepaso ticket for the presidential elections.

— 26 February 1995: Bordon defeats Alvarez by a narrow margin and becomes Frepaso's presidential candidate for the May general elections.

— 14 May 1995: The Fepaso polls 5 million votes [in the presidential election] and becomes the second most important political party following the PJ. Some days later, the Frepaso organization and leadership cause dissension in the alliance.

— 8 August 1995: The Frepaso fields US Norberto La Porta as consensus candidate for the Buenos Aires mayoralty. PAIS [Open Politics for Social Integrity] led by Bordon decides to withdraw its candidate, Enrique Martinez. Grand Front candidate Anibal Ibarra resigns his candidacy because he deems that Alvarez should be vying for the Buenos Aires mayoralty.

— 1 December 1995: Bordon has luncheon with [former Tucuman Governor] Ramon Ortega and [former Interior Minister] Gustavo Beliz. They commit themselves to looking for common ground for future joint work.

— 28 December 1995: The Frepaso closes the political year with a news conference at El Molino tea-shop, where Bordon and Alvarez raise La Porta's hand and endorse his candidacy.

— 9 January 1996: A photograph of Bordon and Beliz is published in the newspaper. Bordon is pilloried by the Grand Front and the US for this.

— 11 January 1995: While Alvarez is abroad on holiday, Beliz breaks away from the PJ and is supported by Bordon, who hints at the possibility of an open internal election between Beliz and La Porta.

— 21 January 1996: Bordon travels abroad to participate in a political seminar two days prior to Alvarez' return to Argentina.

— 23 January 1996: Alvarez returns home, confirms La Porta's candidacy, and demands a decision from Bordon.

— 6 February 1996: A day prior to Bordon's arrival in Argentina and as rumors about a rupture in the alliance gain currency, the Grand Front and the US call a news conference in which they demand once again that Bordon decide which candidate he will support for the Buenos Aires mayoralty.

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— 7 February 1996: Bordon returns to Buenos Aires and, after having dismissed criticism leveled by Frepaso members on account of the PAIS leader's rapprochement with Beliz, meets Frepaso's foremost leaders.

— 9 February 1996: Alvarez and Bordon meet with La Porta and [Frepaso Senator Graciela] Fernandez Meijide to discuss the future of the alliance. Some hours later, Bordon announces the split in the alliance.

Bolivia

Former Minister Likens Bolivian, Colombian Situations

PY1202153396 Cochabamba LOS TIEMPOS in Spanish 28 Jan 96 p A 11

[Commentary by Senator Mario Rueda Pena, leader of the Movement of the Revolutionary Left and former minister: "Not Only Samper is Collapsing"]

[FBIS Translated Text] Unforeseeable and fortuitous events play a role in the destiny of people. This was pointed out by great thinkers like Marx, who placed fortuitous events within a historical "category." We experienced such an event in Bolivia once in the form of a death, which is one of the more morbid forms of destiny. This occurred when telegraph wires in Arque cut short [former President] Rene Barrientos Ortuno's flight toward a military-populist dictatorship, which could have had an unforeseeable duration [Barrientos died when his helicopter crashed].

In Colombia, lady luck burst on the scene in the ominous guise of a grand drug trafficking scheme which is pushing President Ernesto Samper over the cliff because the lady is in turn being pushed from Washington. This liberal leader would not be at the edge of the abyss if he and his assistants had not received (we can no longer doubt it) financing from drug traffickers for the electoral campaign that lead them to victory over traditional conservative adversaries.

I am writing this at 1800 on 27 January 1996. By the time this is published Samper and Colombia's drama may have concluded, or have entered the first part of the final chapter.

Samper's fall will obviously also destroy the system of political coexistence that was established in 1957 following the overthrow of dictator Gustavo Rojas Pinilla. The system that permitted liberals and conservatives to take turns in the government was inaugurated at the end of the past century and followed a bout of civil wars. Political leaders were able to reconcile their differences, but the agreement could not close the doors to the violence that is today staged by guerrillas and drug traffickers; which are the two faces of the devil that the Yankees want to exorcize without spending too much — that is, with guns if possible...

The crowds that today take to the streets of Bogota demanding Samper's resignation exemplify not so much the personal drama of the now solitary and cornered president, but the drama of Colombia as a whole.

Now a greater danger than Samper's downfall threatens that brotherly country: The real danger is the collapse of the bipartisan government scheme that guaranteed peace, tranquillity, and growth — in spite of the guerrilla and drug trafficking. The first signs of the catastrophe are already visible.

When the conservative party pulled out of the government — its members headed several ministries — it deprived the political and institutional building of such an important pillar that the entire system might now collapse over the heads of the Christians and the Moors, that is, over liberals and conservatives.

In this case the Colombian Congress may become buried in the rubble because at least 30 conservative and liberal legislators are facing charges of involvement in drug trafficking. This number is not insignificant. In fact, it is so large that it puts the legitimacy of the institution that exemplifies Colombia's democracy in question. Another hit taken by Congress is that a committee of liberal and conservative legislators practically absolved Samper prior to his crucifixion by Fernando Botero, his campaign treasurer.

Everything indicates that the old liberal-conservative political coexistence will collapse under the pressure exercised by drug traffickers and foreign intervention. It is difficult at this time to predict what will happen when the dust provoked by this collapse settles. We hope the outcome will not be civil war...

The drama in which Colombia is enmeshed is a lesson for all countries involved in this continental drug business. In Bolivia, we must tighten the juridical system against the infiltration of drug trafficking in the political and institutional system. We must urgently change the Political Parties Law by passing rigorous rules to control their financial and patrimonial system and clarify the origin and amounts they spend during political campaigns. The principle of free political electoral publicity must be introduced. This publicity must be equal, in time and space, for all parties and must only be aired by state television channels. The publicity must have a programmatic and ideological content and avoid publicity stunts...

We must prevent the high cost of electoral campaigns from creating local emulations of Samper in Bolivia,

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which would only complicate Bolivian life and Bolivian democracy.

Bolivian Deputies Said Involved in Allowance 'Scandal'

PY1302221596 La Paz PRESENCIA in Spanish 7 Feb 96 p 7

[FBIS Translated Text] A total of 22 deputies — 10 from the MNR [Nationalist Revolutionary Movement], four from the UCS [Solidarity Civic Union], three from the SyD [Solidarity and Democracy], and one each from the MUP [Unity and Progress Movement], MBL [Free Bolivia Movement], MRTK-L [Tupac Katari Revolutionary Movement of Liberation], ADN [Nationalist Democratic Action], and the MIR [Movement of the Revolutionary Left] — are directly involved in the scandal of the adulteration of documents in order to obtain "higher allowances," according to the official report that fell into the hands of ANF [FIDES NEWS AGENCY].

The following is a complete list of those who are involved: Juan Antonio Malki Zalaquet, Michael Meier Finkelstein, Fernando Bowles, and Hector Cartagena Chacon of the UCS.

Laureano Rojas, Luis Jordan Balderrama, Claudio Salinas Martinez, Arturo Centellas, Abad Nina Mollo, Jacinto Aramayo, Elias Asbun, Walter Sauciri, Juan Martinez Chaves, and Joaquin Davila of the MNR.

Osman Landivar, Maximo Teran, and Ruggero Serborga of SyD.

Bolivar Carvalho Suarez of the MUP, Pastor Velasquez of the MBL, Silvio Aramayo of the MRTK-L, Guido Roca of the ADN, and Morgan Lopez of the MIR.

Bolivian Officials on Punishment for 'Fraudulent Manner'

PY1302221496 La Paz LA RAZON in Spanish 8 Feb 96 p A9

[FBIS Translated Text] While Victor Hugo Cardenas, vice president of the Republic and the top leader of the MRTK-L [Tupac Katari Revolutionary Movement of Liberation], has indicated that the deputies who have increased their monthly allowances in a fraudulent manner must be punished, Foreign Minister Antonio Aranibar, president of the MBL [Free Bolivia Movement], called on the deputies who are involved in corruption to ask for temporary leave, just as Pastor Velasquez of the MBL has done.

"Punishment must be meted out. I would not like to say: 'We might' [punish]; punishment must be meted out because in this affair the historical and political credibility of the Chamber of Deputies and of Congress as a whole is in the play," Cardenas said. "Not to do so (mete out punishment) would harm the Chamber of Deputies, Congress, and Bolivian democracy," he added. "If the appropriate punishment is not applied in this concrete case, it would be outrageous; it would really be a crime."

The foreign minister said that "my party has undertaken this matter with complete clarity, and with the firm decision to fight corruption and the clear idea that congressional immunity cannot be synonymous with impunity. This is why we have proceeded, with the approval of the MBL deputy (Pastor Velasquez) involved in this situation, to ask for his temporary leave."

"We hope that the rest of Congress and the other persons who are involved act with the same clarity, with the same purity, and with the same decision so that there will be no impunity in this affair," he added.

Bolivian Comptroller To Intervene in Fraud Case

PY1302223996 Cochabamba LOS TIEMPOS in Spanish 9 Feb 96 pp 1, 2

[FBIS Translated Excerpt] The sudden change of position of the ADN [Nationalist Democratic Action], MIR [Movement of the Revolutionary Left], and UCS [Solidarity Civic Union] blocs gave the MNR [Nationalist Revolutionary Movement] enough votes in the Chamber of Deputies on 8 February to send to the Comptroller General's Office the investigation into the case involving 18 out of the 22 deputies whose seniority bonds were obtained with falsified documents.

The Chamber of Deputies reached this decision after six hours of intense debate and after each accused deputy spoke in his own defense. The last speaker was Deputy Armando de la Parra (FRI) [Revolutionary Front of the Left]. He proposed leaving Deputies Luis Morgan Lopez (MIR), Elias Asbun (MNR), and Guido Roca (ADN) out of the investigation, a move that was approved by a majority of legislators.

Immediately afterward, Chamber of Deputies President Guillermo Bedregal (MNR) moved for a vote on the proposals presented by Deputies Carlos Borth and Benjamin Miguel. This attitude provoked a vehement answer from MBL [Free Bolivia Movement] Deputy Juan del Granado. He suggested the need for a meeting of bloc leaders to analyze a resolution through consensus.

The motion was rejected by Bedregal, who argued that as president of the Chamber of Deputies he assumed full responsibility for the proceedings. Legislators also voted down an observation made by Deputy Armando de la Parra, who noted that according to the Rules on

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Debates, the vote had to be secret because it involved legislators.

Bedregal's attitude forced a reaction from the MBL, Condepa [Conscience of the Fatherland], and part of the MIR bloc, whose members walked out of the chamber as a sign of protest and censure. The legislators who remained in the chamber then voted by acclamation and approved the resolution presented by Deputy Carlos Borth (formerly from MIR). The proposal was supported by the MNR, ADN, MIR, UCS, independents, MUP [Unity and Progress Movement], MPP [expansion unknown], and MRTK-L [Tupac Katari Revolutionary Movement of Liberation] blocs.

The attitude and sudden change of positions of MIR and ADN deputies surprised reporters following the development of the situation in the Chamber of Deputies. [passage omitted]

Repercussions and Protests

The session ended after 2230 on 8 February. There was a heated discussion between MIR Deputies Luis Gonzalez Quintanilla and Hugo Carvajal Donoso as legislators were leaving. Gonzalez criticized Carvajal because, as head of the party bloc, he did not make the party position on the issue clear.

"What was the matter with you? Listen, why did you not speak up? Why did you remain silent?" Gonzalez shouted at Carvajal. Carvajal responded: "Oh, please, do not bother me with that. I am, first of all, a legislator."

Carvajal moved ahead but he was again stopped by his fellow party member Luis Vasquez, who calmly but persistently questioned him regarding his attitude. Later, Sergio Medinacelli, another MIR follower, said he walked out of the session because the session was full of irregularities, which was permitted by Chamber President Guillermo Bedregal.

ADN Justifies Its Position

ADN Deputy Alvaro Vera, a member of the special commission that reviewed the documents on the case, justified his party's position.

"We changed our position after hearing the legal opinion of colleagues who said that the case could be investigated by the Comptroller's Office," Vera said.

Bolivia Creates First Police Antiterrorist Force

PY1402023796 Cochabamba LOS TIEMPOS in Spanish 6 Feb 96 p A7

[FBIS Translated Text] Police sources told LOS TIEMPOS yesterday that the state intelligence community created the first national antiterrorist force in Bolivia.

Government sources reported that the police and military organization was created in the past few days as an answer to a very great state need: To suffocate eventual subversive outbreaks, which generally seek to destroy the existing institutional order.

General Mario Nunez Zabalaga, National Police inspector general, told LOS TIEMPOS that the specialized antiterrorist organization "was, for all practical purposes, created," adding that "now we only need to implement the decision and equip the force."

The information was a tacit answer to a question made to the police officer regarding current or past government plans to create in Bolivia a "national antiterrorist force" similar to the one operating in Peru under the name Dincote (National Counterterrorism Directorate).

"We currently have specialized units to counter the negative activities of some irregular groups," Nunez said.

"Naturally, the Police High Command is trying to equip these units properly so that they can act on very short notice to reestablish order wherever it is altered," the police chief said.

The planned creation in Bolivia of a specialized unit to fight terrorism was initially announced at the end of last year by Police Commander General Willy Arriaza Monje.

Brazil

Brazil's Senate Committee Discusses Sivam Loan Approval

PY1402010596 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Feb 96

[Report by Carlos Monforte from the Senate — live]

[FBIS Translated Text] The Senate Special Committee that is analyzing the Sivam [Amazon Region Surveillance System] project must vote today on the authorization of a $1.4-billion loan to implement the project.

The opposition managed to extend until this evening the debate over the Sivam project. The trend, however, indicates that the project will be voted on tonight. The report of Senator Ramez Tebet, who is speaking right now, authorizes the $1.4-billion loan to contract the company Raytheon, and he asks that public biddings be called with regard to carrying out the civilian construction projects, which will amount to approximately 100 million reals. He likewise asks that the National Accounting Office follow up on the entire process. If

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the project is approved today, it will be taken to the Senate plenary during the first half of March.

Brazil Senate Committee Approves Tebet Report on Sivam

PY1402023396 Sao Paulo AGENCIA ESTADO in Portuguese 0058 GMT 14 Feb 96

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 13 Feb (AE) — The Senate Special Committee that has been investigating the Amazon Region Surveillance System (Sivam) approved, on the evening of 13 February, and by a vote of 45 in favor and 15 against, the report presented by Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul]. Tebet's report calls for the approval of the resolution authorizing the government to request a $1.4-billion loan abroad to finance the implementation of the project. The Senate floor vote, which will probably mantain this authorization, is scheduled for the first two weeks in March.

Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], who is the president of the special committee, has informed the senators that the report will be at their disposal in case they want to present amendments to it before 27 February, when it will be included on the voting agenda. Senators of the leftist parties, who oppose the project, will try to postpone the voting in order to make it coincide with the end of the audit the National Accounting Office (TCU) is conducting on the Sivam project. According to Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo], the TCU will finish its audit by the end of March.

In his report, Senator Ramez Tebet reached the conclusion that there is no irregularity in the project. According to him, the only person to blame for the episode being investigated by the committee for the last 80 days is Ambassador Julio Cesar Gomes dos Santos, former protocol head of the Presidency of the Republic. Gomes dos Santos is already facing an administrative inquest opened by the government. The Federal Police have tapped the ambassador's phone talks with Raytheon's representative in Brazil. The recorded tapes revealed that Gomes dos Santos used influence peddling in favor of Raytheon.

The members of the three permanent committees that comprised the special committee voted separately, and the results were as follows: Economic Affairs Committee (CAE), 21 votes in favor, six against; Foreign Affairs Committee, 12 votes to three; and the Supervision and Control Committee, 12 votes to six. Approval of the authorization had been expected. Senators of the PT, PDT [Democratic Labor Party], and PSB [Brazilian Socialist Party] and PMDB dissidents Cacildo Maldaner (SC) [Santa Catarina], Pedro Simon (RS) [Rio Grande do Sul], and Gilberto Miranda (AM) [Amazonas], as well as Brazilian Social Democracy Party dissidents Jefferson Peres (AM) and Osmar dias (PR) [Parana], in addition to Senator Bernardo Cabral (independent-AM), have voted against the authorization.

The debate lasted seven hours and there were some heated disputes among the senators. The session began at 1030, was interrupted at 1430, and resumed at 1815. The voting took place a few minutes before 2100. Senator Suplicy's and Senator Simon's speeches were the most crushing in terms of their rejection of the project. Suplicy pointed out that the TCU has identified 23 irregularities committed by the Aeronautics Ministry commission that was in charge of the project, when it chose ESCA [Automation and Control Systems Engineering] to manage the project. Simon justified the approval of the project during former President Itamar Franco's administration and said that charges of irregularities were only filed later on. Simon was government leader in the Senate during Franco's administration.

Senators of the PT and Senator Antonio Carlos Valadares (PSB-SE) [PSB-Sergipe] were not able to convince the other senators to approve a request summoning Franco to explain to the committee what he had meant when he told the press that there were "secret facts" about the Sivam. Later on, government leader Senator Elcio Alvares (PFL-ES) [PFL-Espirito Santo] managed to contact Franco by phone. The former president spoke to Suplicy, to whom Alvares had given the phone, but he said only that the PT senator was informed of all the procedures linked to the Sivam.

Brazilian Minister Focuses on Mercosur Infrastructure

PY1302130996 Sao Paulo AGENCIA ESTADO in Portuguese 2317 GMT 12 Feb 96

[FBIS Translated Text] Curitiba, 12 Feb (AE) — Foreign Minister Luiz Felipe Lampreia today visited Curitiba, where he debated a program of action to improve infrastructure facilities within Mercosur [Common Market of the South] countries. He said: "The federal government, the state government, and the private sector must unite." He remarked that over the past few years, trade among Mercosur countries has grown by 500 percent, while the highways infrastructure has remained unchanged. He said: "The entire road and rail communications infrastructure is being overused."

Itamaraty [Brazilian Foreign Ministry] specialists who deal with Mercosur matters will go to Curitiba at the end of the month to talk with Parana Government officials to

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select work priorities. Lampreia said: "We are beginning a new stage in relations between Parana and Itamaraty." He added: "Itamaraty specialists who work in Brasilia cannot be aware of what the Parana Government is planning." He praised the state government proposal to transform the state's western border area into a major tourist center. He commented: "The Itaipu lake has become a geographical feature, but it can also generate jobs and promote economic growth."

The minister said the strike by 2,500 or so Paraguayan employees at the Itaipu hydroelectric power plant should not frighten people. Lampreia said: "It is a minor problem that should not hinder conversations with the Paraguayan Government." He added: "The results of the bilateral government agreements is widely positive." He added that Brazil, Paraguay, and Argentina have undertaken joint action to check illegal actions in the shared border area and to legalize activities. "We will do everything possible to join our efforts," Lampreia concluded.

Brazil's President, Ministers Discuss Drug Enforcement

PY1302135096 Sao Paulo AGENCIA ESTADO in Portuguese 0033 GMT 13 Feb 96

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 12 Feb (AE) — President Fernando Henrique Cardoso met tonight at Alvorada Palace with seven cabinet ministers — among them the military ministers — to open discussions on the policy the administration seeks to implement to fight drug trafficking and arms smuggling. This afternoon, at the president's request, the seven ministers met for nearly five hours at the Aeronautics Ministry to formulate the first proposals to eradicate drug trafficking in Brazil. These proposals were to be submitted to the president over dinner tonight.

Presidential advisers have said the approval of a loan for the Amazon Region Surveillance System (Sivam) project was a topic of discussion, although not a priority. On 13 February, the Senate super committee that has investigated irregularities concerning a contract signed by the Aeronautics Ministry with the U.S. company Raytheon is scheduled to vote on a report submitted by Sivam rapporteur Ramez Tebet (PDMB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul]. The administration is convinced that it has virtually won this battle.

The drug enforcement proposal, which is still at an early stage, is being coordinated by the Aeronautics Ministry because the bulk of drug shipments enter Brazil by air. The administration plans to quickly develop a police action that will involve the Armed Forces support to deter drug trafficking in the region. Military officials said the implementation of Sivam will be instrumental in promoting a fuller execution of this plan. The greatest concern is focused on border areas, which are considered very vulnerable.

Attending tonight's dinner were Ministers Lelio Lobo (Aeronautics), Zenildo Lucena (Army), Mauro Pereira (Navy), Luiz Felipe Lampreia (Foreign Relations), Nelson Jobim (Justice), Benedito Leonel (Armed Forces General Staff), and (Strategic Affairs) Secretary Ronaldo Sardenberg. Lampreia and Leonel did not attend the meeting this afternoon at the Aeronautics Ministry because they were traveling at that time.

Brazil's Congress Discusses Social Security Reform Bill

PY1402012796 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Feb 96

[FBIS Translated Text] The social security reform proposal was read today in the Chamber of Deputies plenum. The bill preserves the controversial special retirement system for congressmen.

Security was reinforced at all Congress entrances to guarantee calmness in the plenum. However, many things had yet to be resolved before the session began in the house. Given the dispute among the labor unions, the government leaders in Congress were forced to hold separate meetings, first with the CUT [Sole Workers Center] and then with the Union Power. The subject, however, was the same: The two labor unions insist that the special retirement system for congressmen be eliminated.

Rapporteur Euler Ribeiro stated the following:

[Begin recording] The leader of my party, Michel Temer, who is here by my side, received several phone calls today from some congressmen saying that they will vote against the social security reform if I eliminate the special retirement system for congressmen in my bill. [end recording]

Ribeiro therefore surrendered to his colleagues' pressures and maintained the special retirement system for congressmen. The subject will now be discussed within a year when a complementary law must be passed.

Together with this and other controversial subjects, the social security reform finally arrived in the plenum. Quorum was guaranteed by more than 400 deputies who attended the session, although very few listened to the bill being read aloud. In half an hour, the plenum was nearly empty.

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The social security reform will only be discussed again after the Carnival holiday.

Brazil's Senate Approves Fiscal Stabilization Fund

PY1402110196 Sao Paulo AGENCIA ESTADO in Portuguese 2308 GMT 13 Feb 96

[Report by Odail Figueiredo]

[FBIS Translated Excerpt] Brasilia, 13 Feb (AE) — On 13 February, the Senate gave its first approval to the constitutional amendment creating the Fiscal Stabilization Fund (FEF), which will be formed with 20 percent of the tax revenues collected by the Union. It was an outstanding government victory: 60 votes for, 10 against, and one abstention. To be enforced, the FEF needs a second Senate approval, and then the approval of the president. The next vote is scheduled for 28 February.

Government leaders spared no effort in preventing the Senate from modifying the amendment from the way it was approved by the Chamber of Deputies, because any modification would have had to be analyzed by the deputies. Right at the start of the session, government leader Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo] managed to convince 11 senators to withdrew their support for two proposals that Senator Ademir Andrade (PSB-PA) [Brazilian Socialist Party-Para] intended to submit at the session. The two proposals then failed to obtain the required 27 signatures, which would have made the amendment return to the Constitution and Justice Committee (CCJ). [passage omitted]

Brazilian Metalworkers, Industry Group Reach Accord

PY1402012696 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 13 Feb 96

[FBIS Translated Text] Metalworkers and entrepreneurs of the Sao Paulo State Federation of Industries [FIESP] have reached an accord to reduce unemployment in Sao Paulo. Here is Cida Ferreira's report from Sao Paulo:

[Begin Ferreira recording] According to Paulo Pereira da Silva, president of the Metalworkers Union, only unemployed people will be hired. The contract contemplates flexible working hours and will respect the employees' rights. Although this accord is not supported by the laws, because it is not contemplated in the Constitution, the collective labor bargain contract goes into force on 14 February. Most of the entrepreneurs who signed the accord believe that the greatest advantage of the agreement is that it will create jobs. They point out, however, that without implementing the required changes in the labor laws, the accord will be paralyzed. According to FIESP data, this accord will result in the creation of 40,000 jobs. [end recording]

We will now listen to Corban Costa's live report from Planalto Palace:

[Begin Costa recording] Presidential spokesman Ambassador Sergio Amaral has just said that President Fernando Henrique Cardoso reiterates his satisfaction over the negotiations and the accord reached between the Sao Paulo metalworkers and the FIESP. This accord allows employers to hire temporary workers while paying less in social contributions. Amaral said, however, that President Cardoso does not give a stimulus to illegal situations, and that the workers' rights must be respected.

Ambassador Amaral also said that the labor minister will analyze the accord in order to readjust the labor laws, whenever possible, and then propose to the parties alternatives that may ensure the objective of reducing production costs and generating jobs. [end recording]

Brazil: Serra Announces Minimum Wage Rise in May

96SM0096A Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Feb 96

[Unattributed article: "Minimum Wage Will Be Increased in May"; introductory paragraph in italics as published — received via Internet]

[FBIS Translated Text] *The minister of planning has announced that the government will not set the amount of increase until after the social security reform has been approved.*

Sao Paulo—The minimum wage will be increased in May. That guarantee was made yesterday by Minister of Planning Jose Serra, who, however, included a proviso. The government will not set the amount of the increase in the minimum wage until after Congress passes the social security reform. During his trip to India in January, President Fernando Henrique Cardoso even said that the minimum wage would not be increased because states and municipalities could not stand the increase in their payrolls.

"An increase in the minimum wage involves an increase in pensions. We need to know what the social security budget will be following the amendments passed by Congress. But I am sure that the minimum wage will not remain where it is," Serra said during the program "Noonday Special Gazette" on TV Gazeta. The minimum wage is currently set at 100 reals, the equivalent of 17.77 percent of the lowest nationwide wage instituted by Getulio Vargas in 1940.

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Accumulated Loss

According to calculations by the Interunion Department of Statistics and Socioeconomic Studies (DIEESE), the wage of 100 reals should have been increased to 116.34 reals in December to safeguard its real value as of May 1995. To arrive at that amount, the DIEESE applied the inflation accumulated between May and December of last year (16.34 percent) to the minimum wage.

Serra declined to discuss the amount that would be added to compensate for purchasing power lost by the minimum wage during this administration's first year, insisting that it would depend on the reform of social security.

Although approving of the efforts made to secure passage of the reform, one example being the government's negotiations with the central unions, Serra said that the changes being considered are insufficient to straighten out social security. "The result is that we will have to make more changes in the future," he said.

The minister of planning denied that the government would have to face a shortfall of 16 billion reals in the 1996 budget due to lower-than-expected collections of social security and other taxes. "I do not consider that a shortfall. The Law on Budget Guidelines provides that if revenues are insufficient for a given expenditure, that expenditure is automatically eliminated."

Brazil: Human Rights Abuse Study To Be Conducted

96SM0096B Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Feb 96

[Unattributed article: "Jobim To Map Violence"; introductory paragraph in italics as published — received via Internet]

[FBIS Translated Text] *The survey of human rights violations will be conducted in three states.*

Brasilia—Minister of Justice Nelson Jobim announced yesterday that the government intends to map violence to identify the main areas where human rights violations occur. The government will pay for the study in three states: Rio de Janeiro, Sao Paulo, and a third state which the minister declined to identify. The idea is to detail cases of violence neighborhood by neighborhood and compare the results with data on the socioeconomic situation and government investments.

The map of violence will be among the activities scheduled as part of the National Human Rights Plan being prepared by the Ministry of Justice. The first version of the plan is to be announced by the first half of March. Jobim has commissioned and already received a study from the University of Sao Paulo (USP). That document is being supplemented by government experts.

The idea of drawing up the map of violence arose following the presentation to the ministry of a study on violence in Sao Paulo that was conducted by researcher Marcos Ackerman of the Center for Studies of Contemporary Culture. That study compared data on cases of violence with the socioeconomic situation and public services provided in the region. Jobim liked the idea and decided to adopt it and to extend the survey to the main population centers.

A preliminary version will be presented by the minister during an end of March trip to Switzerland to discuss the human rights issue. After his presentation, Jobim will ask for cooperation from nongovernmental organizations in refining the plan.

Yesterday Jobim also announced his intention to launch a nationwide campaign on behalf of councils for the rights of children and adolescents. The details of the campaign are still to be discussed with the Office of the President of the Republic. According to Alayde Sant Anna, secretary of citizens' rights, the government wants to encourage donations from private firms to those funds that will finance the activities of the councils for the rights of children and adolescents. Firms that donate will be entitled to deductions from their income tax.

Reserves

Jobim took the opportunity to refute sharply criticisms by nongovernmental organizations (NGO's) regarding the changes in the decree regulating the demarcation of Indian lands. "Those groups are not interested in solving the Indian problem. They are interested in creating problems, and we do not engage in dialogue with those who create problems for us," Jobim said. The decree establishes the principle of allowing testimony by both sides and permits legal challenges to demarcations already made.

Jobim said he would visit Germany at the end of March to explain Brazil's position on the Indian question to the government of that country in person. The government has an agreement with G-7 (the seven richest countries in the world) calling for cooperation in that area. The minister said he saw no danger that the Brazilian Government might lose any international loans because of the decree.

The minister of justice also said he would resume negotiations with the Senate this week for approval of the bill giving ordinary courts jurisdiction in cases involving common crimes committed by military police officers. Currently, cases involving any crimes committed

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by military policemen are tried by the military courts. "I am going there to talk about the bill and show what it means, just as I did in the Chamber of Deputies. What we have at present are pressures from sectors not interested in the bill but linked to the military police officers," Jobim said.

Brazil: Media React to Samper Crisis

96SM0103

[FBIS Report] In an editorial entitled "Dangerous Liaisons," independent Rio de Janeiro daily JORNAL DO BRASIL opined on 30 January that Colombian President Samper's situation has been "deteriorating rapidly" since former Defense Minister Botero's revelations, however this crisis is not limited to the Samper administration, nor only to Colombia. The scandals associated with Luis Garcia Meza and Jaime Paz Zamora in Bolivia, Andres Rodriguez in Paraguay, and Raul Salinas in Mexico, demonstrate the depth of the "colombianization" of the continent. Brazil, JORNAL continued, while it may not be a producer country, has been severely contaminated through the open and poorly monitored borders of the Amazon, where exit corridors for narcotics have been established.

It is no secret to anyone, the editorial asserted, that the majority of Rondonia State politicians have compromising ties with the Cali cartel. In the hills of Rio, there are dens of narcotraffickers endeavoring to establish the principle of extraterritoriality in those "fiefdoms of powder," and not even the Armed forces were able to eliminate them in the failed Operation Rio."

The possible fall of Ernesto Samper is a visible symptom of a greater evil, and one which affects the Americas as a whole, without exception, the editorial concluded.

Center-left Sao Paulo daily FOLHA DE SAO PAULO commented on 25 January that Colombian President Ernesto Samper's involvement with the Cali cartels, who are alledged to have financed his campaign, is becoming increasingly suspect. Independent of the outcome of the Colombian crisis, it appears to be an incontestable fact that the economic power of the narcotraffickers has become so enormous that they are now capable of electing and unseating presidents.

It is obvious, FOLHA continued, that an economic power as strong as that represented by the drug cartels would not stay outside of the political life of the countries in which they are most active. In that sense, FOLHA noted, the Brazilian situation is troubling since a good portion of the production from coca derivatives is now taking place in Brazil or transitting through it. In addition, Brazil is now ranked sixth in the laundering of money obtained from the sale of drugs. It would be ingenuous to believe that the drug barons have not already established relations with authorities who can facilitate their work.

FOLHA concluded by saying that in a world that is increasingly globalized, in which borders have become "almost abstractions," the challenge of combatting narcotrafficking must be confronted globally. "If the world does not concentrate its efforts to try to reduce the problem of organized crime, many other Sampers will emerge and fall, at the whim of the profits of the drug cartels."

Sao Paulo center-right daily O ESTADO DE SAO PAULO opined on 6 February that Samper will either resign his position or be ousted from it within the framework of a legal process. Because this fight is political, O ESTADO pointed out, the outcome will also be political, and the relation of forces in Colombian society and the Congress is what will decide his destiny. While Samper's position has so far been oscillating, the editorial continued, it is basically stable due to the prestige enjoyed by the Liberal Party among most Colombians. O ESTADO warned, however, that "the game is far from over" and "not all the players have shown their cards."

If Colombia is not on the list of countries certified by the U.S. Government for supporting the counternarcotics effort, O ESTADO affirmed, Colombia will have difficulties exporting some of its products to the United States. "The greatest embarrassment will be of a political nature," since suspension of the certificate for Colombia will be equivalent to declared mistrust for Samper's administration, and the president's situation will tend to deteriorate quickly.

Although Colombia's political history is full of "traumatic incidents," O ESTADO concluded, Colombians have built a dynamic economy that functions almost totally apart from political events. This time, however, the crisis could provoke an economic crisis, and it is therefore important to find an institutional solution to the case before the episode brings about social disorder.

Brazil: Correction to Daily on Brazil 'Power Struggle'

PY0802171796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Feb 96 p 12

[Corrected version of editorial entitled "Announced Conflicts," originally filed as PY0602161396 and add;

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explanatory notes describe differences from initial FBIS version]

[FBIS Translated Text] One day after President Fernando Henrique Cardoso ordered the suspension of the measures that might benefit landless people and the small farmers who are conducting land occupation operations on farms and government properties, the MST [Landless People's Movement] coordinator announced that he will continue to act as always because "the agrarian reform in the country will only become a reality through pressure." Thus, the power struggle between the landless people and the government began anew. The landless people have chosen their arena of preference, which consists of attempting to win every battle through shouts and violent ways of exerting pressure.

Cardoso, however, was very clear in what he said at Planalto Palace before ministers, senators, and deputies: "I will no longer tolerate these land occupation operations. Democracy is one thing and anarchy another." This is where the movement's nearly 20-year trajectory is leading it. In a typically Brazilian manner, the movement — although illegal and underground — has an official name [initial FBIS version read: "As it appeared in Brazil, although illegal and underground, the movement has an official name"] (Landless People's Movement) and an acronym (MST).

Benefiting from the government's benevolent attitude, which is inversely proportional to measures adopted in order to implement the hypothetical agrarian reform, a reform that has been sung in prose and verse, the landless people are now encamped in 91 areas of the national territory and total 16,700 families. Needless to say, this army does not act spontaneously. On the contrary, it is manipulated from behind the screens and has assumed gigantic proportions. The movement exhibits its martyrs and victims from across barricades.

After having obtained so many victories, the rhetoric of the movement leaders, who are concocting increasingly more ambitious claims, is incongruous. [rewording preceding sentence in initial FBIS version for clarity] These leaders are like a machine gun that spits groundless criticism under the excuse that the government has done nothing so far. Actually, 7.6 million hectares have been expropriated in the last 10 years for the use of the landless people. This area represents one and a half times the territory of Rio de Janeiro State. In 15 years, 131,000 families have been settled. Just for the sake of comparison, two states the size of Alagoas can fit in the area that has been handed to the landless people. (Former President Fernando Collor gave a territory similar in size to Portugal to the Ianomami Indians, all at once.)

The landless people's phenomenon started in Brazil at the end of the 1970's. It was stimulated by the progressive faction of the Catholic Church and the movement moved closer to the Sole Workers Center. Later on, it spread to all states of the federation. The movement's resources also come from various sources. The Catholic Church always grants them a room to install their offices. Former landless people, who have already been settled, contribute to the movement with a certain percentage of the official loans they receive. The Agriculture Ministry supplied 5 million reals to the movement last year. The families settled in Parana State send the landless people bags full of corn. The families settled in Espirito Santo State send them coffee. Some urban labor unions contribute with one day from their salaries. Sao Paulo metalworkers lend them cars. Nongovernmental organizations send them moeny. The EU finances projects. The Belgian Government has provided a nonreimbursable fund as financing for the purchase of rice-packing machinery to the families that have been settled in Parana.

Summarizing, the extensive network hidden behind the movement is becoming increasingly more visible. It has been channeling the resources and granting the movement the force that allows it to finally challenge the government on all fronts [preceding word in English]. Whenever it proves necessary, the MST is dialectic. In the first years after it appeared in Rio Grande do Sul, the movement proposed denouncing the country's agrarian structure and occupied only large properties. The system did not work out. Police repression, the farmers' reaction, and the scant political support received caused the movement to change its target. Currently, the landless people occupy public areas and force the state and federal officials to negotiate their settlement. In this phase, the movement actions cease being illegal and become regularized. The MST has elected five federal deputies, among them Adao Pretto, who, in front of President Cardoso, acknowledged that "the goverment has been doing positive things" and was then challenged by the president to repeat these words in public.

The occupations follow a schedule prepared by one of the computers installed in the MST headquarters in Sao Paulo, and fit — like a glove — public areas countrywide. To those who still have doubts regarding the type of land occupation operations being conducted by the movement, MST leader Jose Rainha has reported: "We do not preach an armed fight, but we do not discard the possibility of resorting to that type of fight." The landless people exhibit their martyrs whenever they think it is necessary to do so, but there was consternation among the public when a landless man beheaded a military policeman (brigadino) in downtown

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Porto Alegre in 1990. [supplying year dropped in initial FBIS version]

Rainha, who is currently at large, is an example of the professionalization of the movement. In 1987, he was in Rio Grande do Norte. Three years later, he was seen going from Espirito Santo to Ceara. In 1992, he divided his time between Parana and Sao Paulo. In all of these places, he has had one only duty: To command land occupations. He has led occupations in 19 states and lives on an "allowance" paid him by the movement. He is, therefore, a professional leader of land occupations, and has to settle accounts with the law.

Conflicts between homesteaders and the police have been scheduled for Para, Pernambuco, Piaui, Sao Paulo, and some areas of Rondonia State, where, last August, 11 people died in a conflict over land ownership in Corumbiara. As a matter of fact, the landless people are organized in all states of the country except Amazonas and Acre. Judging by their own estimates, there are 12 million landless people in the country and at least 250 million hectares of vacant public land. This shows that a great deal of conflict will still take place in the country, in accordance with the landless people's style, if the government does not put a stop to the anarchy that has been taking place in the countryside. It will be either democracy or anarchy, as President Cardoso has said.

Chile

Chilean Minister: Ties With Peru Not Bound by Developments

PY1402025896 Santiago EL MERCURIO in Spanish 13 Feb 96 p C3

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza said yesterday that Chile's relations with Peru are integral and not bound to developments in the First Region.

Within this context, the difficulties that have surfaced in the commercial field, as a result of recent measures implemented by the Peruvian Government limiting the import of certain products from the First Region to Tacna, "should be handled with absolute normalcy," Insulza said.

Carlos Pareja, Peruvian charge d'affaires in Chile, fully agreeing with Insulza, told EL MERCURIO that bilateral ties are excellent and relations are developing normally.

Regarding the commercial measures, Pareja said that they have nothing to do with other issues and that the were adopted by the Peruvian Government to solve domestic problems affecting the Peruvian industrial sector. The diplomat added: "Therefore, they were implemented for no other reason."

Pareja thus refuted some interpretations in Chile to the effect that the restrictions were a sort of reprisal on the part of the Peruvian Government for Arica municipality's decision to pave a portion of the Pan-American Highway that crosses "El Chinchorro."

The aide-memoire the Peruvian Government sent the Chilean Foreign Ministry, tacitly ignoring the Lima Conventions and making a series of proposals to solve the pending issues of the 1929 Treaty, was also interpreted as a reaction to the Arica municipality decision.

In this regard, Pareja denied that possibility and noted that the Peruvian Government sent a diplomatic note to which it attached an aide-memoire containing the Peruvian proposal. The diplomat refrained from commenting on the issue any further. [passage omitted]

Chilean Municipal Elections Postponed Until 27 Oct

PY1302173496 Santiago EL MERCURIO in Spanish 13 Feb 96 p A1

[FBIS Translated Excerpt] By 104 votes to 17, with two abstentions, a plenary session of Congress yesterday ratified the constitutional reform project postponing municipal elections until 27 October and extending for another four months the mandate of current mayors and councilmen.

The initiative, which sets the new date for the municipal elections that were scheduled for 28 June, was massively endorsed by the blocs of the Coalition of Parties for Democracy and National Renewal and rejected by the UDI [Independent Democratic Union] and some appointed senators.

The PPD [Party for Democracy] representatives, who had said they would oppose the reform, ended up voting in favor because it already enjoyed a majority.

Every senator who voted in favor of the reform agreed with the government that it is best to hold municipal elections in spring, taking advantage of the better weather which contributes to a greater participation of the citizenry, especially in Southern Chile. [passage omitted]

Chile's RN Seeks To End Crisis With Reform Proposal

PY1302184296 Santiago EL MERCURIO in Spanish 12 Feb 96 p C3

[FBIS Translated Excerpt] The new proposal on constitutional reforms with which the National Renewal Party [RN] leadership hopes to overcome its internal crisis

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was received with skepticism by the Coalition of Parties for Democracy [CPPD] and mild enthusiasm by the RN "hard liners." The RN crisis was prompted by the rejection by seven "hard line" faction senators of the Figueroa-Otero agreement.

The proposal was drafted by Deputy Luis Valentin Ferrada (RN), at the request of the party's leadership, seeking to reach an internal agreement regarding the constitutional amendments.

The mentioned proposal will be submitted today, during a plenary session of Congress, to all RN legislators so they may assess it thoroughly and voice their objections, amendments, corrections, and additions.

Regarding institutional senators, the new proposal calls for the creation of a "council of eminent citizens" and to maintain five of the nine designated senators. These five seats would eventually be occupied by former presidents of the Republic, for a determined period of time so that they may not occupy the post for life.

Regarding the National Security Council, it proposes a "double regime," that is, that will allow for agreements and allow members to state their opinion individually.

As for the Constitutional Court, it proposes maintaining three ministers of the Supreme Court and allowing ordinary citizens to make demands regarding certain issues. Currently only legislators are allowed to resort to the Constitutional Court in case of constitutional doubts and during the approval of draft bills. [passage omitted]

Chile: PDC Postpones Internal Elections

96P20277A Santiago EL MERCURIO in Spanish
30 Jan 96 p C2

[FBIS Translated Text] The members of the National Council of the Christian Democratic Party [PDC] have unanimously approved the proposal of the board of directors to postpone the internal elections.

After the Council meeting, the entire schedule for the 1996 political year was approved. The schedule included postponing the internal elections, finishing candidate selection in March for the municipal elections, and holding a National Assembly in April.

Although a date for the internal elections was not set at the meeting, PDC President Alejandro Foxley said that the directors will meet immediately after the municipal elections to set the exact date. He reported that the idea of creating a political command for the campaign, which would include the most outstanding PDC figures and act as a symbol of party unity, was approved.

An Expanded National Council will take place in March. Its basic aim will be to collect information on the ideas and proposals the National Council members, members of congress, and provincial presidents may make about the strategic focus of the municipal campaign.

It was proposed that a National Assembly be held in April, after the Expanded National Council. According to Deputy Juan Carlos Latorre, the most important political issues—such as the PDC's image, the status of the Frei Proposal, privatization of the sewage and water enterprises, and other issues concerning youth and women—will be debated at the Assembly. In this regard, Foxley added that the electoral platform and the substantive and programmatic contents will be approved there.

The PDC president expressed his desire that suggestions from the party members be collected systematically prior to the Assembly in order to include them in the document that will be brought before the Assembly and that will be part of the campaign platform.

Chile: CUT Sets Congress, Election Date

96P20277B Santiago LA NACION in Spanish
13 Jan 96 p 17

[By Cesar Rodriguez]

[FBIS Translated Text] The CUT [United Workers Federation] yesterday began the process of renewing its leadership for the next four years by calling for its Second Congress on 12-13 April. The organization's new officials will be elected at the congress.

CUT Vice President Maria Rozas, who heads the organizing commission for the event, said that the registration period for the candidates and lists that will run in the elections will extend up to 24 hours before them, which in her opinion will make it possible to have enough time to "avoid undesirable pressures."

Moreover, she asked that the electoral process be handled "with the greatest loyalty, avoiding divisions and splits in the union movement." Likewise, she asserted that 550-600 delegates will participate in the congress, representing about 416,000 workers. In this regard, she acknowledged that this figure "shows us, in fact, that we ended 1995 with a drop in union membership."

She said that this is due in part to the actions of the Production and Trade Confederation (CPC) and the Industrial Development Association (Sofofa) which, in her opinion, "have promoted an extremely strong ideological campaign to discredit the CUT and the union movement, trying to impugn the role played by its leaders."

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Maria Rozas said that they hoped that after yesterday's cabinet meeting, President Eduardo Frei "for once and for all will be able to bring consistency to the ministries." To date "our great problem with the government is that the president says one thing and the ministers say another. We do not see coordination nor consistency in labor and social matters."

Rozas said that they would only sit down again at the table for tripartite negotiations when "the government will work with the union world and the business owners are ready to talk with an open agenda."

Lastly, Rozas asserted that in July, once the successors to the current leadership are known, a programmatic congress will be held "aimed at redefining the CUT's position" towards the new circumstances.

Colombia

Colombia's VP Urges Gore Intervention in Certification

PA1402025896 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 14 Feb 96

[From the "Seven O'Clock Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television in Spanish at 0100 GMT on 14 Feb]

[FBIS Translated Text] Vice President Humberto de la Calle has requested that his U.S. counterpart, Al Gore, intervene in getting President Bill Clinton to certify Colombia.

In a brief letter from Madrid yesterday, de la Calle told Gore that a U.S. refusal would be a victory for criminals and would discourage all those who from within and outside the government have made all kinds of sacrifices convinced they are contributing to a noble cause. De la Calle also said the country is interested in more cooperation with the United States but in no way is seeking to penalize the thousands of honest businessmen who are the majority of Colombians.

Colombian Minister on Increased Number of Drug Seizures

PA1402012696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 14 Feb 96

[Report by Fernando Mosquera Gallego from the "RCN Radio Events" newscast]

[FBIS Translated Text] Economic Development Minister Rodrigo Marin has said in Cali the Colombian Government does not envisage the possibility of a U.S. decertification:

[Begin Marin recording] Not only has Colombia eradicated more plantations than expected and went beyond commitments, Colombia has also seized many more drugs than in previous years. Colombia has carried out operations to seize chemicals and has eliminated one of the main groups linked to drug trafficking activities—the Cali cartel. [end recording]

The minister spoke at the closing of an industrialists meeting in Cali.

Report Comments on U.S. Certification of Colombia

PA1302144296 Santa Fe de Bogota EL TIEMPO in Spanish 12 Feb 96

[Article by Francisco Celis Alban — received via Internet]

[FBIS Translated Text] Isn't the policy adopted this year by the Samper administration, that U.S. certification for the war against drug trafficking is an U.S. internal affair, leading the country toward a vacuum in regard to our relationship with our largest trading partner?.

In a recent meeting with an official of the Samper administration, whose name I will maintain confidential, he cleared up that said strategy of "passing the buck to the United States" seek to avoid a phenomenon which occurred in 1995: the exaggeration ("parochialism") in the media which ends up favoring the United States instead of Colombia.

The truth is that from 1 January to 31 December 1995 (the period which is considered for the certification to be issued on 1 March), the administration did everything that was expected of it: The administration captured almost all the leaders of the Cali cartel (considered among the most powerful Mafia leaders in the world), and destroyed 25,000 hectares of illegal crops in the face of strikes and peasant movements.

Finally, in the beginning of 1996, one of the drug traffickers captured, Jose Santacruz Londono, escaped. In mid January, former Defense Minister Fernando Botero, currently imprisoned because of the case 8,000, accused President Ernesto Samper of knowing that drug money had infiltrated his campaign, and all of the achievements of 1995 were overshadowed by the crisis.

There are international analysts who do not doubt that the crisis, which reached its climax in 1995, will have psychological repercussions on the certification process, although they say it should not happen that way. They will not reveal their names because foreign policy observers are not numerous in Colombia and it is normal that almost all of them enjoy ties of some sort with the Colombian Government.

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However, according to a well-known writer on this issue, the U.S. intent to tie the internal political situation with the issue of cooperation in the war against drug trafficking is limited by one obstacle: "The United States does not want to appear to be interfering in internal affairs so that the notion of America as a continent in which democracy works (with the exception of Cuba) will not be shattered."

From that point of view, one must ask what kind of certification does Colombia deserve, according to the evaluation made by Ambassador Myles Frechette and reported to his government last December.

According to a Colombian Foreign Ministry source, there cannot be a decertification, for a reason as simple as that it would discourage an ally that has always been willing to cooperate in the war against drug trafficking, that enjoys the prestige of being a leader in many aspects of the war against drug trafficking, among these aspects, international legislation against money laundering and the indiscriminate sale of chemical products needed for the production of illegal drugs.

In addition, it would send a negative message to other Latin American countries that are cooperating with the United States in eliminating that scourge. According to the same source, in Colombia it would provoke anti-U.S. feelings and a tendency to question the war against drugs, when faced with the United States' lack of solidarity with Colombia.

According to the same experts regarding this issue, Colombia, for the second time, will probably obtain the Certification for Reasons of National Interest (CIN), which means that the ally "has not accomplished its task" as was expected, but that to decertify the ally would cause an unadvisable reaction.

Nevertheless, Colombia's Ambassador to Washington Carlos Lleras de la Fuente has stated that Colombia should receive full certification, because of the capture of the world's foremost criminals and the massive destruction of illegal crops.

Is there a possibility of certification, in view of the Republicans' onslaught against Bill Clinton's Democratic Party administration and Clinton's efforts to head off the Republicans?

For many observers, it would be the reasonable decision. For example, former Minister Fernando Cepeda Ulloa, who views a CIN as acceptable, believes that to begin a dispute during a crucial moment in the war against drug trafficking "could mean running the risk of not taking advantage of an unique opportunity."

"That opportunity should lead to cooperation, not conflict," Cepeda Ulloa says.

As described by a government adviser, whether the certification process is favorable or unfavorable, at any rate, "we will not lose sleep over it; we will lose sleep over drug trafficking." This year's certification will be "like the student who hands in his test knowing that the professor is prejudiced against him."

Colombian Interior Minister Denies Illegal Actions

PA1402032496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 14 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Interior Minister Horacio Serpa Uribe today rejected reports according to which he was involved in illegal activities during the elections campaign that led Ernesto Samper Pizano to the presidency.

Minister Serpa issued the following communique:

1. As I have said publicly on previous occasions, during the elections campaign I visited San Andres to attend a campaign meeting in compliance with the functions [words indistinct].

2. If there were financial contributions for the elections, this is a normal occurrence in this kind of event and, logically, such resources had to come from the campaign treasury, which, as everybody knows, was under the control of Santiago Medina.

I always assumed that the campaign money was legitimate and had a proper origin. This is why I find it absurd that managing the campaign could be considered as a criminal action.

3. I have never approached members of the Council of State to persuade them to adopting any kind of decision on the term in office of the prosecutor general. If necessary this could be verified by the members of this respectable body.

Signed: Horacio Serpa Uribe, Interior Minister

Colombia's Accusation Committee Elects New Member

PA1402031696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 14 Feb 95

[From the "Seven O'clock Newscast"; monitored from Sistema Unido de Retransmision Television in Spanish at 0100 GMT on 14 Feb 96]

[FBIS Translated Text] The majority of the Conservative Party members today turned down the position left

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vacant in the Accusation Committee by Representative Marta Catalina Daniels.

Meanwhile, Conservative Party members who continue to support the government nominated their candidate, who has just been selected, to occupy this position. We have a report by Juan Carlos Mateus with the information.

[Mateus] Good evening. Attention, attention: A new member of the Accusation Committee has just been elected. We are referring to Conservative Party Representative Ciro Alfonso Creciente. Dr. Creciente, what are your plans during these difficult moments the country is going through?

[Creciente] Well, my plans include attempting to expedite all the steps that pertain the Accusation Committee. I am not yet acquainted with the proceedings so I would rather refrain from saying anything without first having made certain of what is taking place.

[Mateus] Nevertheless, there is now a noticeable division within the conservative movement and your selection did not come about through a majority vote.

[Creciente] I do not believe there is any division within the conservative movement. As with everything in life there are differences of opinion. At any rate, the Conservative Party is united and evidence of this is that even [Conservative Party Secretary] Roberto Camacho voted for me.

[Mateus] Dr. Creciente, if the Samper file were to be redistributed once again, you would be called upon to investigate the president. What is your opinion on this?

[Creciente] I am not sure how to answer at this point. I am not acquainted with the activities of the Accusation Committee since it is the first time I have been elected as a member. Therefore, I am respectful of what corresponds to each individual.

[Mateus] Well, this is all we have to report from the Chamber of Representatives.

Colombian Prosecutor Accepts Serpa Receipt as Evidence

PA1302222796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 13 Feb 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision at 1830 GMT on 13 Feb]

[FBIS Translated Text] The Prosecutor General's Office has accepted as evidence a 15 million pesos receipt supposedly signed by Interior Minister Horacio Serpa. The document, unveiled today by parliamentarian Pablo Victoria, will be sent along with the rest of the evidence to the Accusation Committee when charges against Samper are filed:

[Begin Chamber representative Pablo Victoria recording] Personally, I believe it is a serious piece of evidence that directly implicates Serpa Uribe, and the Prosecutor General's Office will now proceed with whatever assessment it may deem fit. It is very likely that the receipt will be included in the stack of evidence about to be delivered to the Accusation Committee of the Chamber of Representatives. [end recording]

Samper's Campaign Treasurers Defend Colombian President

PA1302222896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 13 Feb 96

[Report by Alberto Medina from the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision at 1830 GMT on 13 Feb]

[FBIS Translated Text] The departmental treasurers of Ernesto Samper's presidential campaign have come out to defend the president and have written a letter to state that everything that was done with the money at the various regions was behind his back. Alberto Medina reports:

[Medina] The treasurers' document states that Samper had no contact with them regarding the handling of funds; that is, if there was something fishy going on with the money, it was behind the candidate's back as far as they know:

[Begin Treasurer Carlos Aragon recording, identified by caption] The thing is that [words indistinct] campaign, President Samper indeed did not have any contact with the money. I cannot make that remark. I can say he never had a saying in the distribution of the funds, but I do not know whether he had a saying in the receipt of these funds. As far as I am concerned, we had contact with the treasurer's office only. [end recording]

[Medina] Aragon was campaign treasurer in Tolima Department, where, according to Santiago Medina's assertions, former Comptroller General Manuel Becerra arrived to deliver ill-gotten funds. According to Aragon, that is false:

[Begin Aragon recording] No, I had no any contacts whatsoever with Becerra. If there were some other funds, I did not handle them. All the funds I received were delivered by the campaign treasurer's office for both the first round of elections and the runoff elections. [end recording]

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[Medina] Nowadays, even though he was a member of the campaign in question, the Tolima treasurer, who is a Liberal Party member, is leading the Green Light Group, which on 12 February published a full-page ad in the daily EL TIEMPO in support of Samper.

Colombia's Conservative Party Asks Samper To Take Leave

PA1402013696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 14 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] The Conservative Party today endorsed a declaration by Monsignor Pedro Rubiano, president of the Episcopal Conference, suggesting that President Ernesto Samper Pizano take temporary leave while Congress investigates him.

This statement forms part of a declaration from the Conservative Party National Directorate. In that document, the party evaluates the latest events of Colombia's institutional crisis.

We endorse the Eclessiastic leadership's statement, as expressed by Msgr. Pedro Rubiano, asking the president to temporarily leave his post to guarantee the independence and honesty of the proceedings against him in Congress, the Conservative Party document states.

Colombian Group Seeks Referendum on Elections

PA1002231096 Santa Fe de Bogota EL TIEMPO in Spanish 8 Feb 96

[Received via Internet]

[FBIS Translated Text] A group of social, political, youth organizations and people without a party, decided, in view of the political crisis, to "jump on the bandwagon" with an idea: Get as many signatures as the law requires to request a referendum.

This referendum would define a new electoral calendar to vote for another president, vice president, and congressmen, and in addition, to vote "for a different way to make politics."

This last item would specifically refer to the guarantees that the group considers as minimum requirements to ensure equal participation in the elections: campaign financing by the state, ethical norms that forbid the use of state resources for the benefit of certain candidates, single lists by parties and political movements, reestablishment of the Overseer of the National Treasury, and the presence of international organizations in the elections, among others.

A referendum is a mechanism of citizen participation that the Constitution establishes by which the people either approve or reject a draft bill or legal norm, or repeals one in force.

The group took the name "Colombians Favoring a Referendum" [Colombianos por el referendo]. The group comprises, in addition to some citizens without a party, organizations such as All for Peace [Todos por la Paz], Citizens in Training Movement [Movimiento Ciudadanos en Formacion], United Workers Federation, Indian Social Alliance [Alianza Social Indigena], Socialist Renewal Movement, Permanent Committee in Defense of Human Rights, Patriotic Union, and the 19 April Movement Democratic Alliance.

The group is currently holding talks with some former constituents interested in joining. The group's definitive make-up will be announced on 12 February.

"Colombians Favoring a Referendum" believe that there are several reasons that justify calling for new presidential and congressmen elections.

They claim that the 1994 elections were "very clearly illegal" because according to reports by Jorge Garcia Hurtado, former Overseer of the National Treasury, congressmen's campaigns violated the legally established financial limits established. They point out that press disclosures report that the presidential campaigns did so as well.

They also say that influence peddling and bank rolling by large economic groups to certain candidates took over the past elections.

The other reasons listed by the group are: drug-trafficking money leaked into several political campaigns, the lack of prestige by the National Congress to face an interpellation of the president of the Republic, and the artificial overcoming of the crisis through bureaucratic sinecures to liberals and conservatives.

Getting Down to Work

According to calculations, the group needs 90,000 signatures to lodge the legislative popular initiative with the National Registry Office. In order to present the bill before the National Congress 900,000 signatures are required, which is 5 percent of the electoral census.

If the National Congress votes against the project, a further 900,000 signatures will be needed. This would complete 10 percent of the electoral census needed to call for a referendum.

The group hopes to collect the signatures to lodge this initiative before the registry in May. To this avail, it is comprising 60 work groups tasked with each collecting

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200 signatures a day, which makes an average of 12,000 signatures a day.

Colombian Polls: Majority Think Samper Used Drug Money

PA1102023296 Madrid EFE in Spanish 1516 GMT 10 Feb 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Feb (EFE) — A poll has disclosed that 59 percent of Colombians believe that their president, Ernesto Samper Pizano, is guilty of having financed his presidential campaign with money from the Cali drug cartel — something he denies — and 66 percent think he should be impeached by the Senate.

This is what a survey taken by daily EL ESPECTADOR and the "CM& Newscast" revealed, meaning that only 39 percent of Samper's countrymen are convinced by his proclamation of innocence.

However, 56 percent of those surveyed believe that the president will be able to finish his mandate (1994-98), whereas 43 percent believe he will not.

Samper's argument is that his best proof of innocence is the arrest of most of the Cali cartel's leaders, because if he had received money from them he would not have dared to arrest them, convinced 42 percent of the persons answering the survey, whereas 57 percent do not believe it.

Colombian Business Survey: Growth Expectations Low

PA1102043896 Madrid EFE in Spanish 1709 GMT 10 Feb 96

[FBIS Translated Text] Bogota, 10 Feb (EFE) — According to a business survey released today, the political crisis in the Colombian Government and high interest rates have hurt industrial production and sales. Therefore, the expectations for growth and new jobs during the first quarter of 1996 are at a standstill.

The Colombian industrial sector concluded a fiscal year "marked by a slow pace during most of the year," according to a survey by Fedesarrollo [Foundation for Higher Education and Development]. Production activity fell 17 percent in December. Only 5 percent of the businessmen surveyed said they had picked up their orders, while 48 percent said their demand had been normal, and 47 percent indicated their demand had dropped.

Fedesarrollo feels that high interest rates discouraged purchases and investments and, along with a lull in the construction sector, contributed to the industry's poor performance in December. "The trends in demand, in addition to the developing political events," and the delayed passing of the Tax Reform Law "have raised mixed expectations about the immediate future," the study indicated.

The sectors most hurt by a drop in their orders were textiles, cement, transportation equipment and parts, chemicals, machinery, metal products, and the manufacturing of leather and rubber products. This was one of the reasons why businesses were unable to expand and production did not grow, halting all hopes of creating new jobs.

In December, only 8 percent of industrialists were planning to hire additional personnel, while 71 percent had no plans to do so, and 21 percent were planni: g to reduce personnel.

Colombia Prepares For 2d 1996 Budget Cutback

PA1102162496 Santa Fe de Bogota EL TIEMPO in Spanish 8 Feb 96

[Received via Internet]

[FBIS Translated Text] The government wants to keep public finances "under a tight belt," which will be the second cutback in 1996. The government will not "dip its hands" into the investment outlays.

The Ernesto Samper administration has acknowledged it will have to make a big adjustment, in addition to the 220 billion [currency not specified] cutback in public expenditures carried out in early 1996.

In order to keep the central government's finances under control, the administration will slash investment outlays by cutting back between 300 billion and 400 billion pesos.

A government official stated that "we will want the shockwaves from the adjustment to have as little effect as possible on all programs on infrastructure, education, running water, and basic sanitation. He noted that a decision has yet to be made on which sectors will be "slashed."

The announcement agrees with statements by Finance Minister Guillermo Perry Rubio, who recently told Portafolio [not further identified] that "the government is cutting back on some operating expenditures and is bracing for a new budget cutback in order to avoid a fiscal imbalance. Overall public finances, however, are basically balanced."

The central government has a deficit topping 3 percent of GDP, and this could rise in the next few years. However, the public sector's overall deficit gap (includes

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surpluses at the Colombian Petroleum Enterprise, National Social Security Fund, and other entities) is not as big.

The austerity policy dates back to 1995, when the Samper administration made cutbacks on public expenditures in excess of 850 billion pesos.

Even if the adjustment does not seem like much, when compared to the 1996 budget totaling 24 trillion pesos, it would bear significantly on the programs aimed at the most destitute.

According to estimates by the National Department of Planning, a 100 billion-peso cutback on investment outlays would mean that 20,000 residents would not be supplied with running water, 1,410 fewer jobs would be generated, 38,658 destitute elderly would receive no care, 2,400 low-cost housing subsidies would not be granted, and 15,000 needy persons would have no social security coverage, to mention only a few examples.

The government is planning to cut back almost a trillion pesos from the investment plan over the next three years, which totals 38 trillion pesos.

On the adjustment, Pedro Nel Ospina Santamaria, investigator for the Foundation for Higher Education and Development, stated that the government is doing nothing new since the belt-tightening has already been included in the macroeconomic forecasts for this year.

Ospina said adjustments would be made to entities with appropriation reserves or contracts pending payment. Any excesses would be cut back to eliminate additional pressures on 1996 expenditures.

According to Ospina, the government has to take action in two sectors with high expenditures, the military and the justice system, and reconsider the outlays for the cofinancing funds.

Senator Juan Camilo Restrepo has also insisted on the need to make a stronger effort to avoid a fiscal crisis.

Colombia's Judicial, Investigative Police Note Changes

PA1002233796 Santa Fe de Bogota EL TIEMPO in Spanish 8 Feb 96

[Article by Alirio Bustos — received via Internet]

[FBIS Translated Text] In the next few hours changes will take place at the Judicial and Investigative Police Directorate (Dijin) and in other departments of the institution.

General Hugo Martinez Poveda, the current director of the Dijin, will be the new director of the Training Division. He will be replaced by Gen. Ismael Trujillo Polanco, who was up until today director of the General Santander Cadets' Academy.

According to Police sources, the changes were made because of the retirement from active service of the current police attache in London, General Pablo Helber Rojas.

Based on the seniority of the active officers, the Dijin's representative before the UK Government will be General Jose Eugenio Reyes, who was the chief of the Training Division.

"Since Gen. Reyes must travel to London to take his post, there will be a vacancy at the Training Division. Because of this reason and because of his seniority, the high-level command of the institution appointed Gen. Martinez the new chief of the Training Division," the source said.

"Likewise" — the source added — "to replace Gen. Martinez, the Dijin evaluated Gen. Trujillo's career and decided to appoint him new director of the Dijin."

EL TIEMPO was also able to establish that the current deputy director of the Dijin, Colonel German Moreno Acero, will be the new director of the General Santander Cadets' Academy.

"He is an officer, who meets all the requirements to assume an important post like the Directorate of the Cadets' Academy," a Dijin official said.

Achievements at the Dijin

Gen. Martinez' administration at the Dijin was able to show highly positive results in the fight against organized crime, especially in the dismantling of the groups of bank robbers.

During his administration, most of the members of the band that stole 24 billion pesos from the Banco de la Republica in Valledupar were identified and arrested.

Likewise, thanks to the Dijin investigations, the authorities were able to stop the robbers from distributing the stolen money all over the country.

According to a Dijin crime report, the authorities were able to neutralize organized criminal bands operating in banks, corporation, and cooperatives in 1995.

The operations conducted in 1995 allowed authorities to reduce bank robberies by 21 percent as compared to 1994. In 1994, criminals committed 886 bank thefts and last year the figure dropped to 703," the report said.

In the last few months, the Dijin killed more than 20 bank robbers, who were members of the three most dangerous bands that operated in Santa Fe de Bogota.

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According to several investigations conducted by the Dijin, never before had the authorities fought bank robbers with so much determination like Gen. Martinez did.

Colombian Industrialist Views Meeting With President

PA1002005296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 9 Feb 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Bogota — After a meeting between businessmen and President Ernesto Samper Pizano, Industrialist Association President Fabio Echeverri Correa said that the general behavior of Colombia's economy was positive and, except for a few problems in very specific sectors, its balance was highly favorable.

Echeverri Correa said that the meeting with the chief of state had invited a group of people to talk about economic issues. At the meeting, several people voiced their opinions on the results achieved by government and the situation of several companies and economic sectors, which, in general terms, were positive. Echeverri Correa said the favorable economic situation was based on a number of figures, for example, the decrease in the inflation rate, the generation of 225,000 new jobs, the increase in exports, and the positive trade balances obtained by most firms.

The industrialists leader reported that the topic of certification had also been broached at the meeting. In his opinion, Colombians should not be so concerned about this issue. The National Government is very confident that it can show facts that are clear and indisputable, and at the meeting, several people also predicted that the certification would be given. I, too, do not believe Colombians should be thinking and speculating only about this issue, Fabio Echeverri Correa stated.

Peru

Peru Proposes 'High-Level' Military Talks With Ecuador

PY1302234396 Madrid EFE in Spanish 1645 GMT 13 Feb 96

[FBIS Translated Text] Lima, 13 Feb (EFE) — Peru has expressed to Ecuador the need to hold high-level military meetings in an attempt to contribute to the process of relaxation and to improve the confidence between the two countries.

In remarks released today by the local press, General Nicolas de Bari Hermoza, chairman of the Peruvian Armed Forces Joint Command, reported that the proposal was delivered to Ecuador and to the military representatives of Argentina, Brazil, Chile, and the United States, the guarantor countries of the Rio de Janeiro Protocol signed in 1942.

The military representatives of the guarantor countries visited Peru last week. On 11 February they attended the meeting held by Hermoza and his Ecuadoran counterpart General Jorge Ortega on the Ecuadoran-Peruvian border.

Hermoza noted that Peru has been holding rounds of military talks with Chile for more than a decade and that the same procedure will be followed with Brazil beginning in April.

Hermoza, who is also the Peruvian Army commander, said: "We are sure that the rounds of talks with Ecuador will greatly contribute to the process of relaxation and will guarantee an atmosphere of confidence and security."

He voiced his confidence that the rounds of military talks with Ecuador will be held "very soon," because he considered that the direct participation of the Peruvian and Ecuadoran chiefs and commanders will substantially help to create an atmosphere of relaxation.

He said it is expected that "major progress" will be made by the Peruvian and Ecuadoran military commanders after the meeting he held with Ortega at the Yaupi-Santiago border marker, which ended with an embrace.

Hermoza added that the meeting held by the Peruvian and Ecuadoran military chiefs on the border should contribute to creating even more favorable conditions for the meeting the Ecuadoran and Peruvian foreign ministers are scheduled to hold in Quito 22-23 February.

Peruvian Foreign Minister Francisco Tudela and his Ecuadoran counterpart Galo Leoro will meet again — a previous meeting was held in Lima 17-18 January — to outline the procedures to be adopted in the upcoming negotiations in order to overcome the "existing impasses," or the disagreements that prevent the implementation of the Rio de Janeiro Protocol.

Peru's Fujimori Seeks 'Open' Negotiations With Ecuador

PY1302202396 Lima EL COMERCIO in Spanish 9 Feb 96 p A4

[FBIS Translated Excerpt] Peruvian President Alberto Fujimori talked to Benedito Onofre Bezerra Leonel, chief of the Brazilian Armed Forces staff, about the need for open bilateral negotiations with Ecuador, in which the official position on what the "subsistent impasses" represent for each of the parties is revealed, in order to

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be able to overcome them and complete the demarcation of the common border.

It was a protocol meeting that only lasted 30 minutes, during which the head of state informed the Brazilian military chief, who acts as coordinator of the Rio de Janeiro Protocol guarantor countries, about the Peruvian position.

The head of state, during a brief chat with journalists, said that the fact that Ecuador may mention 12 or more subsistent impasses does not bother the government.

Fujimori said: "We need to know what the other party wants in order to be able to start open negotiations." [passage omitted]

Onofre Bezerra was received by the head of state in the Ambassador's Hall of the Government Palace at 1100. General Nicolas de Bari Hermoza Rios, chairman of the Peruvian Armed Forces Joint Command, also attended the meeting. [passage omitted]

Peru's Fujimori, Congressmen To Coordinate State Reforms

PY1402025096 Lima EXPRESO in Spanish 9 Feb 96 p A2

[FBIS Translated Text] "The year 1996 will be one of reforms," said President Alberto Fujimori to congressmen of the government majority during a dinner held the night before last in the "Little Pentagon" [Armed Forces General Staff building].

All the government congressmen and Prime Minister Dante Cordova — and no one else — attended the dinner.

President Fujimori explained that the government and the congressional majority will have to take a firm stand this year because some reforms may run into short-term political resistance, since their positive effects will only be seen in three years.

Regarding Petroperu [State Petroleum Agency], for example, Fujimori reportedly said that there is no step backward in its privatization because a decision has been made. He reportedly said: "It is inappropriate and unsafe that the Talara refinery continue as a state company because it is so vulnerable to an eventual enemy attack."

It has also been learned that Fujimori called on congressmen to defend the need for reforms, such as the prompt approval of the bill that regulates the Land Law for giving land titles and favoring investments in agriculture. The other reforms include the urgent need for a modern and well studied water law to allow private investment in irrigation projects in the valleys in order to strengthen agricultural exports, and also the need to solve without delay the problems of the sugar mill cooperatives by making their capitalization possible.

It has also been learned that Fujimori called for the quick implementation of the Property Law to give titles to urban properties in the country through a new title system. The new system involves the temporary separation of the Property Registry Office from the National Superintendency of Public Registry in order to extend or broaden the presence of that office at the national level. But after the titles have been given, that office will return to the superintendency to bring the situation back to normal.

Regarding the state reform, President Fujimori reportedly said this is not the time to eliminate or merge the ministries in charge of production, because the need now is to have responsible organizations to stimulate sectorial production and exports. He said, however, that reforms can be made in other sectors and aspects.

Fujimori said: "I am a faithful believer in the market economy but not a neo-liberal fanatic."

Fujimori promised monthly and bimonthly meetings with congressional representatives in order to coordinate the government policies.

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